



UNIVERSITY OF  
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# **A STUDY INTO THE DRIVING FORCES BEHIND STRATEGIC DECISION-MAKING IN THE ONLINE GAMBLING INDUSTRY**

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# Abstract

This thesis explores decision-making at the senior management level in the online gambling industry. The aim being to understand corporate decision making during key strategic events for companies within this industry, to discover the thinking around these decisions, the assumptions made and their influences, and to make recommendations for practice. The theoretical context is that of an increasing complex industry and the inability of the decisions-makers to adapt. The main literary strands drawn upon are that of heuristic-based reasoning and bias, intuition, tenure and ethics. The analysis focuses upon three companies within the online gambling industry and strategic decisions made by each. My own experiences in this study are also prevalent.

A case study approach is used, together with autoethnography and grounded theory. Each of which are underpinned by the dominant action research methodology that is driving this entire study. Data collected is predominantly from interviews and my own autoethnographic journaling. Triangulation is used to frame the data into logical constructs to offer more robust findings.

The findings show that heuristics are commonly used in the industry when making strategic decisions. It also finds that these heuristics are faulty due to several reasons, such as misguided assumptions made about the competence of senior management, which allows them free reign in their roles, the mentality and core values of the individual senior managers and the damage that long tenure in the industry has on them.

The thesis offers practical examples of these heuristics and logical reasoning for the findings and contributes to what is a limited literary contribution to strategic management, behavioural science and motivation within the online gambling industry. It does so by highlighting serious weaknesses in the industry, the role of ethical values and the need for greater competence throughout the senior echelons of the online gambling industry.

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# Abbreviations

AE	– Autoethnographic
CBA	- Cost Benefit Analysis
CEO	- Chief Executive Officer
CFO	– Chief Financial Officer
CSR	– Corporate Social Responsibility
CPD	– Continuous Professional Development
DBA	- Doctorate in Business Administration
DM	– Decision Making
EBITDA	- Earnings Before Interest Tax Depreciation and Amortisation
ED	– Executive Director
EU	– European Union
EUT	– Expected Utility Theory
HR	– Human Resources
KSE	– Key Strategic Events
M & A	– Mergers and Acquisitions
NDM	– Naturalistic Decision Making (Klein, 2015)
NED	– Non- Executive Director
OGI	- Online Gambling Industry
PLC	– Publicly Limited Company
POC	– Point of Consumption (tax)
SMT	- Senior Management Team
TRA	– Theory of Reasoned Action (Haried, 2009)
UIGEA	– Unlawful Internet Gambling Enforcement Act
UK	– United Kingdom
US (or USA)	– United States of America

# Acknowledgements

*"It's frightening to think that you might not know something, but more frightening to think that, by and large, the world is run by people who have faith that they know exactly what is going on." – Amos Tversky, May 26, 1995*

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# Chapter 1 - Introduction

## 1.1 Research focus

Online gambling has grown at a remarkable rate over the last decade (Markham & Young, 2014). And with it, the complexity of the industry and the businesses within it. In an industry that has been driven by entrepreneurs, innovators and risk-takers, new challenges such as increased complexity, competition and regulation means there is now a need for more stable, rational and objective decision-makers.

Up to this point in the evolution of the industry, heavy marketing spending and speculative investment has been the strategy for growth. The challenges now facing the industry means financial resources are limited and more control is required for firms to even survive in many instances. The executive teams in place are long-serving, entrepreneurial thinkers and work on instinct. Being asked to provide structured, rational decisions is a real challenge. With this, there is little understanding of how they make key strategic decisions and what influences them, which is problematic, particularly in this level of complexity within the industry.

Despite the increased interest in decision-making theory and heuristics, there is little research to date from an action research point of view, particularly carried out by an insider-researcher. Heuristics are mental short cuts used to reduce the burden of DM (Shah & Oppenheimer, 2008). What is also scant is research around the Online Gambling Industry ("OGI") that does not revolve solely around ethics and problem gambling (see Haried, 2009, McManus, 2011, Griffiths et al, 2010, Wood et al 2012, etc.).

Based on this, one of the major gaps in understanding the OGI is the lack of knowledge around how decisions are made. Therefore, the practice based problem emerging is *due to the increasingly complex nature of the online gambling industry, we don't know the range of assumptions and biases influencing key decisions.*

### 1.1.2 Study aim

The aim of this study is thus as follows:

- to explore corporate decision making during key strategic events for operators within the Online Gaming Industry ("OGI"),

- to understand the thinking around these decisions, the assumptions made and their biases, and
- to make recommendations for senior executives in the online gambling industry.

This research will offer actionable knowledge that can be used throughout the OGI. The common patterns of thought within the industry will be identified to help understand the thinking underpinning the decisions of these key decision makers. Sharing these findings with practitioners will contribute to a better understanding of decision drivers to promote more stable businesses and the longer-term sustainability of the industry. It will also add to the current literature by encouraging people to consider the role of heuristics and bias and its influence on DM by senior management with a specific focus on the OGI.

This thesis will also compare mainstream empirical literature against the findings in this study by highlighting potential areas of weakness or bias in thinking, and generating theory for consideration within the OGI.

### **1.1.3 Research questions**

Emerging from this, the research questions are:

- I. What are the key assumptions around decision making for SMT's in the OGI?
- II. On what basis are decisions taken?
- III. What lessons can be learned from the DM process?

The following sections give an outline of why enhancing our understanding of biases and assumptions in DM in the OGI is relevant and important for those involved in the industry.

## **1.2 Background to the issue**

To help the reader understand the research topic, it's important to first offer a background to the industry and the challenges it faces.

### **1.2.1 Background**

Online gambling took off in line with the commercialisation of the internet in the mid 1990's (Williams et al., 2013). The idea being to let people gamble remotely with the use of wire transfer of funds to avoid leaving the comfort of their homes, having to travel to brick and mortar betting venues and to avoid the historical stigma attached to gambling. Players bet on a variety of product-offerings, such as casino games,



sports, poker, bingo and lotteries amongst others (Williams et al., 2013). Once registered with an operator, they deposit money and bet how and when they feel. The games are automated using highly advanced and rapidly improving software that allows fast play, and oftentimes instant wins.

The online gambling industry ("OGI") has been highly lucrative, with industry growth in revenue from \$22.9bn to \$41.4bn since 2008 (statista.com, 2015). Analysts (Juniper Research, 2010) previously suggested that online gambling is recession-proof, as growth was recorded across the industry during the financial crisis of the last nine years. In fact, it is forecasted that the industry will have a value of \$55.8m by 2018 (increase of 58% since 2013) (Statista.com, 2015).

Online gambling is one of a few industries that has truly embraced the internet (Versace, 2014). Not everyone is happy for this trend to continue. Wealthy lobbyists in the US managed to outlaw online gambling, following the passing of the Unlawful Internet Gambling Enforcement Act ("UIGEA") in 2006 (Philander & Walker, 2012) which forced many to reduce their operations significantly. The power of governments in policing this industry has been game-changing. As the industry started to get back on track from the US UIGEA Act, many European countries started to either outlaw or regulate the OGI (Koccev, 2013). They saw the popularity of the industry and the amount of money leaving the country, tax-free, and needed to act. So, it was no surprise to see governments pushing for regulation and domestic taxation. To give an example, a Point of Consumption ("POC") Tax was introduced in the UK to target offshore operators who had moved abroad to avoid gaming levies but still offered betting to British players (Attard, 2015). This led to gambling revenues ("bets") being taxed at the point at which they are consumed ("POC") as opposed to point of supply (Attard, 2015). These additional requirements are a heavy burden and have forced a wave of consolidation within the industry (BBC, 2015).

With an increase in cost from tighter regulation and local taxes, organisations have less resources to invest in technology and innovation, the key to enhancing their businesses and growth in the industry (Thomas, 2015). This has forced management to refocus their thinking and become more cost orientated. However, more competition and increased complexity have also become a real challenge that SMT's are struggling to cope with.

The challenge for the organisations now is in adapting to the changing face of the industry and increased complexity. Additionally, what is considered overregulation is having a damaging effect with the danger that it may cripple the industry within a few years. The importance of competent leadership, strong culture and ethical values will play a part in shaping the future of the industry.

The OGI is hugely lucrative and popular and any interest in it from a research perspective is understandable. Yet despite the huge growth in both popularity and public scrutiny over the last decade or more, little is really known about the industry. This is a principal reason for undertaking this research.

### **1.2.2 The role of complexity**

Complexity is a joining of two or more parts that are combined in such a way as to make it hard to either re-separate, or identify the original individual parts. It sits neither in order nor disorder, and is neither predictable nor random (Gershenson & Heylighen, 2004).

Complex systems are the behaviours between the parts of a complex group. They are uncontrollable and unpredictable yet over time and through interactions between the parts, a system of self-organisation is believed to occur (Heylighen, 2008). In an organisational setting, complex systems force management to make strategic decisions to keep the organisation functioning in line with these self-organising systems (Al Zaabi & Pech, 2015). Such complexities include new markets, or multiple departments. The more departments, employees, products and external influences within an organisation, the more complex it is.

Schott et al (2015) believe complexity is required for a business to operate. But if an organisation becomes overly complex, it will not survive at all. Both arguments are based on the belief that with complexity comes a level of flexibility that allows speed of adaptation, and a higher tolerance for survival. But extremely complex systems are difficult to manage and in the long run, can lead to failure, due to the instability and excessive level of flexibility required, leading the organisation to lose focus on what it is trying to achieve.

Although we cannot control or predict the behaviour of complex systems entirely, we can attempt to mitigate the impact by become flexible enough to adapt to situations that may arise. Once we accept our limited control, we need to be able, as a

collective organism, to adapt to the changing and unexpected events that arise from such complexity. This is known as adaptive capacity.

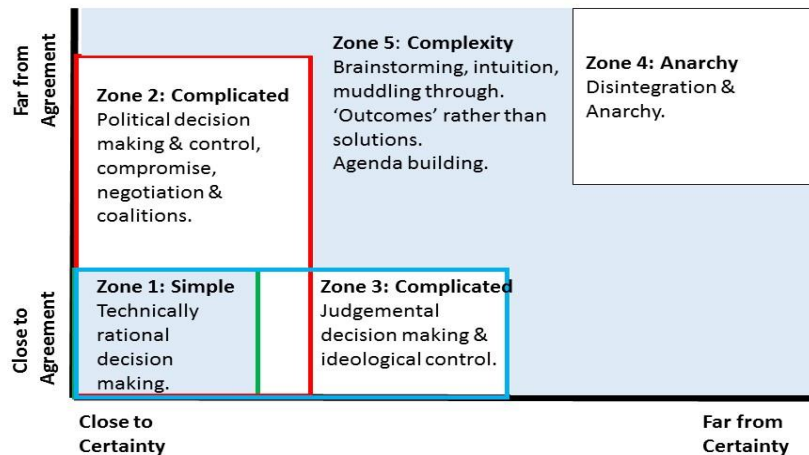
Within complexity, adaptive capacity is the ability to adapt to a changing environment or system (Giezen et al, 2015). This is the basis of Darwin's (1859) Theory of Evolution by natural selection. The preservation of those strong enough to survive, requires the ability to adapt to changing and often complex environments. In an organisational setting, the ability and attitude of the SMT along with the culture they have nurtured is fundamental in an organisations adaptive capacity, particularly in environments of complexity.

What I found relevant to the problem facing the OGI in my experience is that there is significantly increased complexity and the need for concern that the SMT will not be able to manage and adapt to these complexities. Therefore, we need to understand what drives management and the assumptions around their decisions.

### **1.2.3. Placing the OGI within complexity theoretical models**

#### **1.2.3.1 Introducing the models**

To illustrate the role complexity plays in decision making, two theoretical models were chosen from several initially considered. Stacey's Matrix (1993) (see Figure 1.1) is a decision-making tool based on levels of complexity and uncertainty. According to Stacey, complexity arises where uncertainty renders current procedures inadequate, and it is in these scenarios that good managers add value. Stacey contended that organisations in complex environments need to have a certain level of instability, tension and contradiction to keep them on edge and make them quick to adapt. This is what drives entrepreneurs and pushes them to make quick, instinctive decisions and is very much in line with the thinking around adaptive capacity.



**Figure 1.1: Stacey's Matrix** - Adapted from Rd. Shake Seigel, "Complexity Theory- The Stacey Matrix", Programme Director (West Midlands, 2011).

Stacey's work is heavily influenced by the previous work of Duncan (1972), Perrow (1972) and Thompson & Tuden (1959) who had originally identified uncertainty as measured by a lack of clarity and agreement. Stacey realised that with close to certainty situations, decisions could be made more easily, and so recognised the key drivers behind this matrix as the degree of certainty of an outcome and the level of agreement between stakeholders.

Stacey (1993) saw organisations as close to certainty when they faced repetitive changes that they have dealt with before and management experience is sufficient to cope with. Organisations like this are more easily able to plan as solutions already exist and outcomes are predictable. The drawbacks to this may be that laziness, inertia and groupthink may start to creep in and stifle management when complexity does emerge.

Organisations far from certainty are those that face regular change that has not been seen before and forces management to face situations not previously encountered (Stacey, 1993). These situations don't give any guidance on what will happen next which means that it is difficult to plan, or predict the effect or potential outcome of decisions made. This is where skilled managers truly come to the fore, yet it requires strong communication and agreement within the group to navigate through decision-making processes in these instances. If these skills are lacking, this can cause a strain on the dynamics of a SMT. Unable to understand the thinking of the other SMT

members can lead to ambiguity and cause chaos in the organisation during extremely important and time-critical periods.

Now that we have discussed the model to be used to position the OGI in terms of complexity, we now consider the stage of evolution of the OGI by introducing an appropriate lifecycle model.

Dean et al's (2013) Endgame (or consolidation) Curve is based on extensive research around industry lifecycles and found that 1) all industries consolidate, 2) M & A trends can be predicted and 3), companies can plan a strong consolidation strategy well in advance to remain ahead of the competition. Their Curve is split into four stages: opening: new players enter a market, with nobody having significant market share; scale: players look to dominate by size via acquisitions and mergers, eating up the stagnant competitors; focus: firms look to become major players and then maintain their positions; and balance & alliance: few operators dominate the market. Usually where diversification into new areas will occur. The Curve gives a good indication of the challenges and focus areas organisations face at each stage of evolution within their respective industries. If we agree that most industries go through these stages, we can visualise the additional complexity SMTs face. The Curve also focuses on mergers and acquisitions, and highlights the issues faced such as, a) not fully recognising the economic benefits achievable from the consolidation and b) not utilising the full capacity of the new entity. The integration phase is important, but organisations need to realise how to run this new, larger entity, including dealing with merging IT platforms, managing employee numbers and integrating cultures. On top of this, they are expected to use their size to control the market, and getting themselves into stage 3 (Focus). All of this needs extensive attention and gives the reader additional food for thought in the challenge of attempting to control or predict complex systems.

### **1.2.3.2 Applying these models to the OGI**

The OGI can be categorised as a complex industry (Zone 5, Fig 1.1) based on Stacey's Matrix (1993). SMT's need to think in terms of complexity and embrace it, as they find themselves in an industry where complexity thrives. A skilled SMT need to understand the systems in place and how to utilise them in a manner that compliments their strategy. Based on this, we will consider the companies under study to emphasise the complexity and burden for SMT's within the OGI to add weight to this justification.

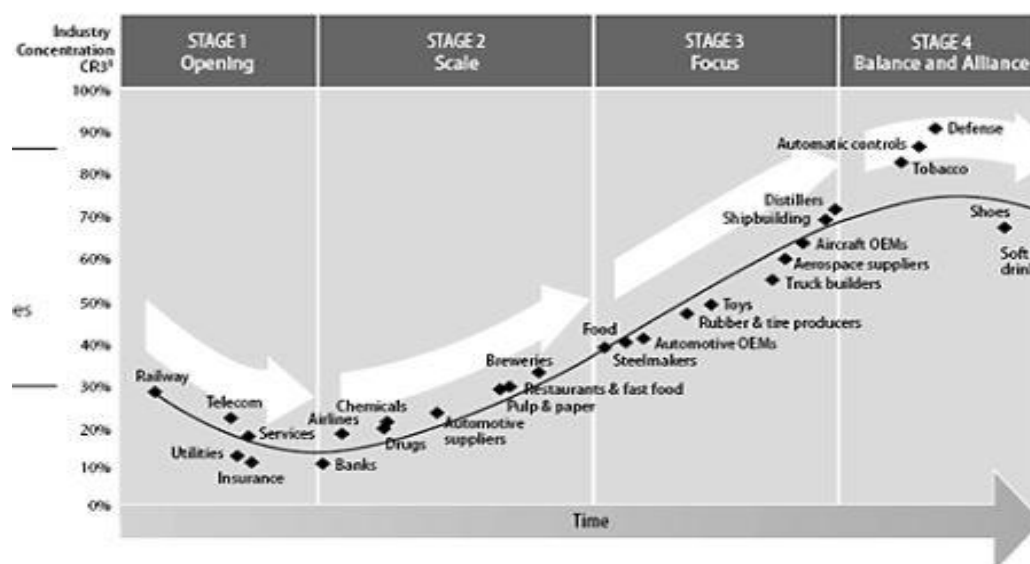
The Zone of Complexity is traditionally the zone of high innovation and creativity, where traditional approaches to management are not effective. Seigel (2011) believes that core management teachings focus on the standard zones (1-3) but the real value of a manager is how they navigate through Zone 5. This raises the question as to whether organisations may lose out on opportunities and hinder emergence by attempting to avoid this zone of complexity through consolidation. It is also acknowledged that innovation can often suffer here as stability is sought and a move away from this zone required.

The adaptive capacity (or lack of) impacts innovation, decision-making, governance and opportunity exploitation (Jones et al, 2010), particularly relevant to the OGI. Success requires buy-in from employees. SMT in the OGI need to drive this buy-in, ideally through a double or triple-loop learning approach (Argyris, 1976). Double loop learning looks to change underlying values and assumptions. Triple loop learning involves questioning the principles upon which the organisation is founded with a view to improvement. But research suggests these types of adaptations are mostly reactive as opposed to proactive in practice and again will depend upon the competence of SMT.

I have positioned the OGI within stage 2 of Dean et al's (2003) Endgame Curve (figure 1.2) based on the current makeup of the industry. At this stage, there is a frantic race for market share as deals are struck and competitors swallowed up frequently. There is an ongoing rush towards consolidation (Bains, 2015) in the OGI. Strength through scale is a weapon at this stage of the curve and there are relationships and agreements being forged frantically. Consolidation previously wasn't seen as a major priority, but this seems to be changing now as operators become more skilled with the merger-integration process. At this scale stage, the underperformers are also targeted for acquisition. These are usually companies that have fallen behind the competition for various reasons and are unable to compete and eventually get eaten up or go out of business. Company B is a prime example. Whilst profitable, this family owned business, in the OGI since the start, were not getting the investment needed to move forward and relied on organic growth, which at this stage of the curve is too slow to keep up with the front-runners. They were recently bought up for below market value and their acquirers obtained significant advantages by now having a share of the UK market, experienced staff and a strong IT infrastructure.

To give some examples of the relevance of M & A's in the OGI, several major deals took place recently, namely a £6bn Betfair and Paddy Power (theguardian.com, 2015) and a £2.3bn deal between Gala Coral and Ladbrokes (theguardian.com, 2015). And these are mainly just considering the UK market. This gives an idea of the size and popularity of such consolidation occurring presently within the industry.

The industry is becoming defined by complex systems. There are significant pressures and vital decisions SMTs are faced with. This is all combined with concerns over national regulators, international taxes as well as competitors seeking consolidation as a means of cutting costs. This level of complexity puts increased pressure on SMTs and how they manage them can make a significant difference for the fate of the organisation.



**Figure 1.2: Endgame (or 'Consolidation') Curve.**

Source: Deans, GK., Kroeger, F. & Zeisel, S. (2003) 'Winning the Merger Endgame: A Playbook for Profiting from Industry Consolidation'.

From an individual company perspective, both company A and B are sitting in the zone of complexity, with the industry in scale stage. Furthermore, and what will be revealed in depth later in this paper, is that company A had lost their capacity to adapt and innovate and employee buy-in had all but disappeared whilst company B consciously sacrificed innovation for stability and agility, embraced emergence, whilst maintaining employee loyalty and commitment throughout.

In contrast, company C, still in its growth phase, has started to move from the complicated zone in Stacey's matrix towards complexity, due to their aggressive growth strategy and enhanced product offerings. They remain innovative and hungry, but employees may have started to lose their belief, or buy-in, to the overall strategy due to the complexities they now face.

What this means is that these companies are each at a very sensitive stage. Decisions on scaling up, strategies for survival and targeting potential acquisitions are all key tasks for the respective SMT's and create huge pressure and responsibility for them. This is all set around a backdrop of increased complexity and a need for SMT's to adapt their approaches to the changing environment. SMT's struggle to move away from traditional DM approaches, or tried and trusted methods, and are finding it hard to adapt to making logical, justifiable decisions. This has several negative implications for organisations. And so, to be able to address this issue, there is a need to understand these tried and trusted methods to be able to highlight flawed assumptions and biases that may be arising from them.

### ***1.3 My role in the research***

My journey through the OGI began in 2011, when I was hired as a consultant on the post-merger integration of one of the companies in this study (Company A). After a year, we agreed to make the role permanent and I remained there for several years subsequently. This was my first venture into the OGI, but I was no stranger to working in regulated, fast-changing industries. When I started in Company A, I had a relatively high level of expectancy due to the widely-discussed tight regulatory control and the ethical and moral reputation of the industry. But what I found was something a lot more in its infancy in terms of its systems, culture and attitudes than I expected. Company A had even more onerous reporting requirements than its competitors, due to it being publicly listed, yet the informal culture and sense of disarray seemed surreal. I considered this a new environment and entertained the idea this was routine in this industry. It's young, vibrant and fast-moving and seen as an exciting industry to be involved in. So, I posited that this was simply a different, novel approach to a complex industry.

I felt the need to explore more and understand what motivated management in the OGI to be successful. What were the challenges faced and where was the OGI headed? I immersed myself in the industry and found a complex, exciting yet



mistreated industry. There seemed to be an aura of mystery and being involved in the industry was almost deemed sacred. But my initial opinion was, "how can the public perception be moved away from considering OGI a vice-industry if people know nothing of the industry mechanics and personalities behind the scenes?" This was one of the early sparks of my research study as I sought to find answers and demystify the industry.

The commencement of my doctoral studies coincided with my introduction into the OGI. Commencing both simultaneously was a conscious decision. Through being involved within the industry via an inside action-researcher perspective I also recognised a need and an opportunity to enhance the academic research on the industry from a strategic and operational perspective. Grounded on my experiences and autoethnographic journals around problems I observed during my time in the OGI, a common theme emerged. The reliance on tenuous assumptions at senior management level when making decisions. Company A was a recently merged entity and experiencing some major difficulties in retaining its market share, for reasons both within and outside of its control. The perception at the ground level within the organisation was that the Senior Management Team ("SMT") were making irrational and illogical decisions that weren't working. Whilst I was not in possession of the full facts initially, nor privy to the background of the issues, it did become of great interest to me as it begged the question as to whether other SMT's in that position would have taken the same approach and could there have been another outcome? Were there patterns of behaviour that could be identified? This led to the focus on the role and importance of assumptions in decision making (Simon, 1979) at senior management level, particularly in this fact-paced, rapidly changing and regulated industry.

My research started in 2011. I carried out an autoethnographic investigation of my workplace and the research evolved from there. Throughout the study, I had access to key personnel within the industry, both as my status as employee and ex-employee. This was invaluable as it allowed me to observe the outcomes of many of their key strategic decisions. This was significantly aided due to my position as an insider-action-researcher. Being able to monitor decisions at close quarters and actively involved in some also, gave me more insight and perspective than a totally objective researcher, also enhancing my interest in the subject area.

## **1.4 The role of Action Research**

Throughout the study, there is ongoing action research ("AR"). The action will derive from my own experiences and findings during this study. The premise of action research is identifying a problem and looking to do something to solve or improve it (Pedler & Gold, 2014). The value of AR for this study is apparent throughout the paper. My own involvement as an insider researcher able to perform iterations throughout my time in the OGI and reflect upon them, has allowed me to continuously challenge earlier assumptions and either offer feedback that has met expectations or challenged them.

Additionally, triangulation allowed me take differing approaches (reflection, ethnography, case studies) through using different variables (people, organisations, key events) with myself as the only real constant. This approach gave my research validity and a robustness that a single approach couldn't offer. What transpired were several action iterations throughout the research that enabled me to confidently ascertain the issues facing the OGI. The first iteration allowed me to initially identify the issues and positioned myself within the research problem. The subsequent iteration allowed me to act through which I could further identify patterns and allow me to add weight to my findings and complimented my other research approaches. This lead to a robust set of findings that identify significant issues within the OGI, and the source of these issues, and in planning my third iteration. The value and features of AR facilitated this.

As a researcher-in-practice, first hand ongoing reflections on real-life action is where the value is gained from action research. "You are practicing the research and researching the practice (Coghlan, 2016)". This approach to research, wherein organisational development is the aim, gives more value and entices more personal engagement which subsequently builds a real-life story that keeps the reader interested throughout, and at the conclusion, a practical approach to improving a situation.

## **1.5 Thesis layout**

Following this introduction, Chapter two examines the relevant literature and is split into several sections, focusing on SMT DM and the various challenges faced.

Chapter three discusses the research methodology chosen for the study. It explains why a mixed design of exploratory cross-case study and auto ethnography was deemed as the most appropriate means to compliment the action research and grounded theory foundation of the research. It also discusses the philosophical views, ethics and data collection and analysis methods used.

Chapters four introduces the case study and details the key strategic events and the reflections of the case study interview participants.

Chapter five analyses the key findings from the case study as well as focusing on discussion points that emerge and offers an example of heuristics and bias emanating from both companies.

Chapter six focuses on my time in company C and the challenges faced with as I attempt to influence the DM process.

Chapter seven discusses the collective findings from companies A, B & C, and addresses the research questions posed in this introduction chapter.

Chapter eight explores the Action Research cycles that have been ongoing since the start of the research project and how they are used to develop the findings from this research and as a trigger for further action research.

Chapter nine gives a conclusion to the research.

# Chapter 2 - Literature Review

## 2.1 Introduction

Following on from laying out the background to the OGI and the challenges faced, this chapter looks at the literature surrounding SMT DM and the OGI. It considers mainstream literature and current thinking around the influences of DM at SMT level using theoretical and empirical research and critical engagement. It starts by introducing a historical background of DM theory before delving into mainstream theory and identifying the need for further investigation.

## 2.2 Historical background

Theory on decision making ("DM") goes as far back as 1763, when Thomas Bayes produced ground breaking work on logical decision making, or Bayesian statistics, now known as probability. Frank Knights' (1921) "Risk and Uncertainty", Kurt Lewin's (1946) focus on actions being influenced by social context, amongst others, all followed on from Bayes, but it wasn't until the 1950's that decision making theory really gained huge attention.

Herbert Simon's extensive work ushered in a new wave of DM theories. His early work on the idea of 'Economic man' (or *Rational Man*) and 'Administrative man' led to the principle of Bounded Rationality (Simon, 1961), or satisficing. His ground-breaking work around decision making, particularly within organisations, won him the Nobel Prize for Economics in 1978.

The most influential evolution of Simon's work was carried out by Amos Tversky and Daniel Kahneman, whose behavioural psychologist approach to DM led them to their work on Heuristics and Biases (1973, 1974, 1982, 2000, 2001), based on the early theories of reasoning and choice under uncertainty (Raiffa, 1968). The tenet being that in complex organisations (Stacey 1996), management need to rely on cognitive shortcuts and commonly held assumptions to operate effectively.

These theories were subsequently expanded upon and placed in a practical setting. The role of heuristics and biases for entrepreneurs and start-up businesses, particularly in fast paced industries, has been a popular theme for scholars more recently (Gigerenzer & Goldstein, 2002, Henman, 2013, Kahneman, 2012, Klein, 2015, Raab & Gigerenzer, 2015, to name a few). It has been suggested (Schade & Koellinger, (2007)

that heuristics and biases play an important role in the early phases of successful start-up businesses and although potentially dangerous at certain stages of an organisations lifecycle, being able to recognise and monitor such heuristics can bring significant value to organisations, and therefore an industry.

## **2.3 Research territory**

The introductory chapter presented a comprehensive picture of the state of the OGI. Given the complexity alongside the stage in the consolidation curve of the industry, it is important to establish what is driving the decisions of SMT's in the OGI. The role of those in the SMT is a difficult one and their approach to complexity and change will often determine the fate of the business. This research looks to help them in their roles by identifying commonalities when it comes to drivers in their DM approach.

## **2.4 Theoretical underpinnings**

In this section, we focus more deeply on the literature on decision making with an emphasis on senior management and the key drivers and influences thereof. This section explores various influences such as the role of intuition, ethics, heuristics & bias, tenure, skills and personality. We start by looking at relevant literature on the role of intuition.

### **2.4.1 Intuition**

Intuition is a collection of knowledge and experience gathered and developed over many years (Hayashi, 2001). It is a well-recognised form of reasoning based on thousands of hours of learning that enables complex pattern recognition (Matzler et al., 2007). Klein (2015) calls it "an expression of experience." The greater the experience, the more value the intuition brings. This experience enables patterns to be recognised, created and stored to enable faster decision making by fitting and matching specific stored patterns to certain situations (Klein, 2015). It is a learnable skill than can be mastered to translate experience into action, and help us to improve our practice (Klein, 2015).

Hayashi (2001) believes intuition is "one of the X factors separating the men from the boys" in DM, with data analysis merely playing a supporting role. Klein's Naturalistic Decision Making ("NDM") perspective recognises the importance of patterns in developing tacit knowledge; the driver of intuition (Klein, 2015). Tacit knowledge is knowledge that is developed as we live our lives and is difficult to impart to others.

Tacit knowledge, although difficult to share, is so valuable that the ability to gain such knowledge should be, and is, a key focus of not only the NDM community, but also other academics and practitioners alike (Klein, 2015). This knowledge comes from a vast experience-base and the ability to access and use this knowledge more effectively, all of which offer the potential for more instinctive decisions. The value of experienced decision-makers is great in the OGI, yet the tacit knowledge generated is based heavily upon intuition more-so than analysis, and so communicating the rationale behind decisions is difficult. The challenge faced is in imparting that knowledge or in justifying decisions based on such tacit knowledge, and so maintains the reliance on such an approach to DM.

Klein (1989) studied professionals in action having to make quick decisions in highly complex and time-pressured situations. His Recognition Primed DM ("RPDM") model (1993) found that fire-fighters could assess a situation rapidly as it unfolded and make instant decisions. The fire-fighter, once deciding upon a course of action subsequently assess for flaws using available information before acting. This idea allows the decision maker to pick up relevant clues based on the situation at hand that they use to tap into their own database of experiences which allows them to take what they deem appropriate action. When asked about this, the fire-fighters seemed to immediately pick the optimal decision, dispensing with detailed decision analysis or spending time searching for alternatives (Klein, 1993). Klein's research is based around Simons (1955) idea of satisficing, wherein the decision maker takes the most adequate option available, not necessarily the best. Without having the luxury of detailed analysis or various options laid out in front of them, the experienced evaluator, with only their experience to call upon, is always ready to make a decision and commit to it by the subsequent actions taken. It may not always be the optimal course of action, but it is usually sufficient. This appears to be the justification for the heavy reliance on experienced executives in the SMT to drive their respective organisations forward in the OGI. Being able to 'think on their feet' without fear of making a decision is of more value than making the optimal decision. Whilst these mightn't be life and death situations, there is time pressure and the complex environment also adds to the stress for the DM. This is where satisficing (Simon 1955) plays an important role. But in turn, brings a reliance on experience and intuition. The downside being risk aversion and avoiding DM altogether. Eisenhardt (1989) also recognised the importance of intuition, particularly under time pressure situations, and

highlights the criticality of speed over accuracy in a business setting, and the value experience brings to such situations. Eisenhardt's empirical work (1989) realised that experienced executives could use intuition together with extensive data once they had accurate data readily available. Many companies failed due to slow decision making because of extensive deliberating over data, leading to products being too late to the market. If there is a trade-off between quality of data and speed of decision, Eisenhardt (1989) found that speed prevails, as truly effective and efficient executives are those experienced and with relevant expertise to assess multiple scenarios simultaneously and make appropriate decisions, with or without the data. Eisenhardt's (1989) work is a fair reflection of the OGI in many respects. During the race for market entry in the past, executives used a blend of intuition (mainly) and data (less so), and reliance on speed of analysis to make decisions. As the OGI has evolved and become more complex and saturated, speed to market with a sub-standard product can have more negative implications. This is a key reason for closer scrutiny of this DM approach and highlighting the issues around it.

Conversely, Clark & Collins (2002) more recent work around Eisenhardt's theory highlighted the fact that her ideas had not been comprehensively tested with a large enough sample. Their tests indeed found that SMT's can increase their speed of decision and improve rationality, particularly in turbulent environments, if certain tactics were introduced. These tactics were based around the SMT having a high cognitive capacity and a strong risk appetite. Additionally, they found that the speed of change in the industry also impacts decision speed and quality. This really expands on Eisenhardt's work whilst also validating it, and raises the question for future research about assessing the individual agents at SMT level. What this suggests is that there is a time for quick DM, absolutely, but SMT need to assess the impact of speed over accuracy, and in the OGI, speedy decisions in this highly complex and competitive industry may have more medium to long term negative consequences as mistakes and faulty product launches could affect the business. This also raises the question around the importance of having competent executives in place and their attitude. In an industry like OGI, which has changed rapidly in recent years, relevant competencies have changed yet the focus on experience remains in place. If there is still a reliance on the intuition-based approach of these executives, who may no longer remain relevant, there needs to be a deeper consideration of whether their experience is adding enough value in this now highly competitive industry.

Another point that emerges is the value and importance of experience-based intuition in speeding the DM process (Eisenhardt, 1989, Wally & Baum, 1994). Clark & Collins (2002) highlight the potential risk that experience-based intuition becomes heavily relied upon, particularly during complex circumstances or periods. Gladwell (2005), a devotee of the value of intuition, does recognise this danger and believes that the use of intuition needs a predictable environment to be effective. The use of intuition in this stage of the OGI where new and complex situations arise in which the decision maker has little experience is risky, and taking Klein's (1989) fire-fighter example, misuse could have serious consequences.

In contrast, Francis-Smythe et al (2013) challenge the mainstream theory around the role of evidence and intuition in SMT DM. They use empirical research from over 39 interviews to generate themes which are compared to mainstream literature and in particular Briner & Rousseau's (2011) work on the subject. Their findings showed that, contrary to current literary belief, intuition, instinct and experience still play a major role in DM. Additionally, their empirical research found that when faced with serious challenges, most managers seek advice or evidence from their peers as a first option. Behind this, they preferred to use their intuition or instinct. This was found to be based on a strong understanding of their environment, the factors and tried and trusted remedies to issues. Only if that didn't work, did their own experience and personal values come into play. Finally, and the least used method was research evidence. Their findings suggest that in complex environments such as the OGI, the appropriateness of using tried and trusted DM techniques cannot be verified, as every situation is different. They found that a more emergent decision building approach evolved in that previous experience and intuition came together to construct a specific approach to that issue. This suggests a willingness to carry out trial and error and learn on the job. Their work tells us not to ignore or devalue the role of intuition and instinct and highlights the use of peers as a DM tool along with the value of passing on wisdom. This opens the discussion around the additional value of having experienced SMT's in place and the secondary value they add. Their evidence shows that peer support plays a major role for less experienced decision-makers as does instinct. These are salient points that could be deemed to question my concern over the use of intuition in the OGI, but the specific nature of the OGI and those operating at SMT level within my research sample suggests that they are not passing on wisdom, nor offering peer support to more recent incumbents or middle managers, a



fundamental aspect of their findings, and so Francis-Smythe et al's (2013) findings need to be considered on a firm by firm basis as some are more relevant to the OGI than others. Their work struck a chord with me based on my experience and their arguments will be addressed later in this paper.

This also opens the debate around the power of longer-serving personnel and the influence they will have on new executives, particularly regarding personal values, offering advice and support and overreliance on instinct. This is a key area of focus in my research. This peer-based and instinctive-reliant approach to DM reduces the likelihood of long-term positive change in the OGI as old mentalities and beliefs can stay around, and with it certain bias and flawed perceptions.

#### **2.4.2 Ethics**

The OGI is no stranger to scrutiny over its ethical positioning. Pushing a harmful and addictive vice has been a huge stigma for the industry for many years, and has only intensified as the OGI develops. There are a variety of empirical studies around the harmful effects of gambling (Brunnelle et al, 2008; Olason et al, 2011; Griffiths & Wood, 2007; Meerkamper, 2010). One of the major questions coming from these researchers and aimed at the OGI (Yani-de-Soriano & Javed, 2012) is "how can an industry that harms its customers be ethically responsible?" There is a trade-off between profit versus people and to what lengths operators go to further one over the other. There is a call for more responsibility from management and if companies can achieve a certain level of ethical commitment, it could help in enhancing the integrity of the industry.

This leads on to looking at the importance of the role the SMT play in shaping the ethical values within the OGI, particularly regarding DM. Whilst it's easy to push the argument that the success of the industry is due extensively to its appeal as a "vice industry" that is exciting and attractive to customers, there needs to be a pragmatic compromise somewhere between Goodpaster's (1991) two extremes of having a business with no ethics against ethics with no business. The starting point still needs to be at senior management level. A more respectful and ethically sensitive approach to stakeholders may soften hardliners attitude to the industry and attract a better calibre of personnel into working within the industry.

This raises the idea of defining moments. Badaracco (1998) believes management are faced with defining moments when they are forced to evaluate their core values as

individuals when making certain decisions. These values and the decisions made around them shape their identity and as management progress in corporate society they need to face often contradictory forms of what is right. Being able to question and justify our own beliefs whilst being sympathetic to those of others enables us to consider alternative views and challenge ourselves and our own identities. Badaracco (1998) recognises that we mightn't get all the decisions right from an ethical perspective but challenges us to enhance our own critical self-reflection and be more sympathetic to others.

And so, the debate around shareholder return versus social responsibility begins. It's often been suggested that companies need to change their aim away from shareholder wealth and more towards promoting the common good (Allio, 2011). This would mean moving from the current toxic culture and instead focusing more on customer welfare and sustainability, in turn enhancing the reputation of the OGI.

Ultimately, the decision to act ethically comes down to the values of the SMT. Acting ethically is driven by the culture within the organisation and the job itself (Trevino, 1986). Organisations that encourage participation, responsibility and offer opportunities for employees to progress, automatically help individuals develop their ethical and moral standing (Trevino, 1986). In the case of the OGI, there is a strong middle-management that is highly authoritarian and often hinders such development, meaning individuals are influenced by a repressive culture and have unclear values and beliefs. Therefore, when employees seek guidance on ethical dilemmas, they have no peers in place with whom they can discuss this issue, as senior management themselves are focused on output and results.

The real question here is how do you increase the ethical profile without taking away from the appeal for customers? Haried (2009) believes that players will continue to gamble despite being aware of the risks and the stigma around the industry. This leads us to consider both whether this stigma and danger is what attracts the players and secondly, the rationality of players and people in general. Haried's Theory of Reasoned Action ("TRA", 2009) investigates intentions of players and their rationality and whether the OGI is exploiting this or if they even need to. The danger is the attraction! Whilst this is an area for further discussion, what appears to be clear is that certain organisations look beyond the remit of Corporate Social Responsibility ("CSR")

and are thriving, which adds weight to the Friedmanite (1970) philosophy that organisations should focus on profit above the well-being of society as their priority.

McManus (2011) argues for a form of 'ethical reasoning' whereby a pragmatic approach is taken to align CSR to corporate strategy yet not detract from either. This is a move away from what appears to be the current unilateralist approach which causes harm to one type of stakeholder to benefit another (shareholder). Community versus shareholders. This needs to be addressed and managed at senior level to build long-term trust and relationships with customers and a transparent approach is also important for sustainability (Dhiman, 2008). He states clearly that organisations will not thrive if they don't serve the community, giving several examples in his research. I would challenge this point based on my experience in the OGI, where it has grown significantly, and only recently faced major challenges in growth yet doesn't garner much trust from customers (Haried, 2009). Dhiman's argument may need more specific focus on what stage of the life of an organisation he refers to, or if indeed his argument is relevant to the OGI at all. But, as was previously mentioned, the ethical approach of the SMT has a direct impact on those around them. Therefore, as Trevino (1986) rightly points out, they are making ethical decisions. Hence it is imperative that managers have and adhere to high ethical standards to promote an ethical culture. Yet according to research only half of managers surveyed live up to their own ethical standards in the workplace (Trevino, 1986). So, there is a gulf between theory and practice, not just within the OGI, but across the spectrum. The challenge for the OGI is trying to find the incentive to promote ethics in such a hugely profitable industry to date.

Wilhelm's (2012) study of financial DM around board room dynamics looks at how people react to dominant personalities when ethical concerns arise. The aim of the research is to understand and assess the influence of strong executives on the ethical beliefs of others in the group and how easily they can be moved from their own ethical views. His empirical research introduces two hypotheses and takes two classes of 25 students into several boardroom simulations to judge their responses to various unethical scenarios. Wilhelm found that whilst students could identify the unethical behaviours of the executives, post-simulation interviews found that they felt influenced to avoid taking appropriate action due to the strength of argument and overpowering personality of the CEO or key antagonist.

The main argument is that obedience to authority often has a huge influence in supporting poor DM, in particular unethical behaviour, in groups. This is even with people having received training in ethics. Wilhelm identifies the dangers and power of strong characters in a boardroom setting, and how subordinates can become isolated and afraid to challenge or side with colleagues against these strong characters.

His most convincing argument is that this obedience to authority heuristic has a deep influence on people's integrity. His findings show that such obedience changes DM behaviours. In a group setting such as a boardroom, with one or two dominant voices, this is known as herding behaviour. What is even more disconcerting being that these sample groups had training in ethics and heuristics prior to these simulations, yet were still not able to immunise themselves from such characters and influence. When under pressure, they departed from their own ethical beliefs to avoid conflict and confrontation. This is an important finding and one that picks holes in other literature and common thought in practice that considers ethics committees and large boards as enough.

The influence that a SMT has on the values of a business is further explored in work by Le et al (2015). Their work is highly relevant to this research as they discuss the impact age, tenure and experience play in value setting and in the ability to interpret info and make strategic choices. This expands on Eisenhardt's (1989) work by digging deeper in attempting to understand the power and influence SMT values play in the DM process. They recognise firms often become a reflection of their SMT's values, highlighting the need for people of high calibre of strong moral values, particularly in the OGI.

In the OGI, the personal values of the SMT are important to understand if organisations want to move towards an ethically aware business model. Their deeply held beliefs can influence people's perceptions on how things should be done. Meaning that values such as ethics inevitably does impact the decision-making process (Thomas 2013). However, constant exposure to working in a harmful industry such as this one will influence employees and the values they will have adopted, leading to a cycle of unethical practice. Senior management also lose touch with both their principal ethics: platform that enables them to resolve moral issues and virtue ethics: traits

towards which they aspire (Thomas 2013), and these values influence the rest of the organisation. This is evidenced in Wilhelm's (2012) findings.

This shortfall in ethical values in the OGI, has led to regulators taking a heavier hand at a huge cost to the industry. Whilst they want to enhance transparency, it is felt that governments don't understand the industry and cannot keep up with the speed of change, and so mishandle it (Bull 2011). Instead of working towards cleaning up the image of the industry, regulators are potentially crippling it. This, together with the speed of technological advancement leaves regulators way behind on what's happening within the industry, which raises more ethical concerns.

### **2.4.3 Heuristics & bias**

Heuristics are mental shortcuts that allow judgements and decisions to be made quickly (Shah & Oppenheimer, 2008). Kahneman (2012) simply calls it a rule of thumb. They are usually effective and time saving, but can be error prone (Tversky & Kahneman, 1973). This is down to limitations of the human mind and the biases we inherit throughout our lives (1973). Most of this section will be based around the work of Tversky & Kahneman with other academic work included to both strengthen and critique their key arguments.

Whilst Simon (1955) argued that the expected utility model may not be the best approach, it was Tversky & Kahneman (1973) who went further by investigating how people were departing from the rational model. The idea of heuristics was massively advanced by Tversky & Kahneman, and their work has been seminal to the field of behavioural scientists and psychologists for decades since. They built on Simon's work by identifying various types of heuristics around decision making in conditions of uncertainty.

Kahneman's (2012) book on heuristics introduced the concepts of System 1 and System 2 as different types of thinking whereby System 1 is faster and more instinctive, guided by emotion. System 2 conversely, is more analytical and logical. System 1 is the leading mode of thought and drives most things, whilst System 2 is merely a bit-part player. We rely heavily on our System 1 yet are under the impression that System 2 is more in control. Whilst it's not a problem to be disillusioned in this regard, as System 1 is reliable in a lot of cases, it does tend to jump to conclusions and be subject to

irrationality, bias and external influence. System 2 is lazy (Kahneman, 2012) yet we need it to jump into action when faced with complex tasks.

To shed more light on the role of biases influencing heuristics, we will look at three key areas as featured by Tversky & Kahneman (1974) and what they consider featured heuristics. These are representative heuristics, availability heuristics and anchoring & adjusting heuristics.

#### **2.4.3. a) Representative heuristic**

The representative heuristic is used when judgements are made on a situation or event, whereby probabilities are calculated based on one situation or event by its relationship to another (Tversky & Kahneman, 1974). That is, the degree to which A resembles B, we use B to make judgements on A. For example, when we make a judgement about a place just because it has certain similar characteristics to another place, we are using the representative heuristic.

People find it easier to use association rather than probability when making decisions (Kahneman, 2012). Again, like the use of intuition, people are more comfortable going with their feeling over actual data, as they feel more reassured by some form of association and emotive connection as opposed to cold data. This cognitive shortcut is a highly common bias yet extremely flawed and has led to serious errors in business decisions.

One could argue that people pick and choose sources based on a pre-determined decision they already have in their mind and use data to support that as opposed to being objective and using data to drive decisions. This is a big challenge for management who need to put systems in place to avoid this occurring at the strategic DM level, for many practical reasons.

#### **2.4.3. b) Availability heuristic**

Like the representative, the availability heuristic occurs when people make a decision or judgement around an event based on a similar event that is fresh in their mind. If something is personal to us or we have had direct experience with an event, this event and the surrounding events are more readily available to us than say something we read in the paper. Hence, it's known as availability. Therefore, it stands to reason that more recent experiences are likely to be more prominent in our thinking around subsequent similar events. This is known as the ease of recall bias (Bazerman, 2002).

Depending on the vividness and ease of the recall, this can have a strong influence on decision makers.

Kahneman (2012) describes the experiences of patients going for a colonoscopy. One patient, who had a painful experience until near the end described it as mildly painful whilst another who was virtually pain free until the end, when there was pain, described the experience as extremely painful. This suggested that the more recent memory of the event was at the end and how it will be remembered is what Kahneman calls the peak end rule (2012). The mind is wired to act this way and again, decision makers need to be aware of these types of availability-related biases that have been found to affect decision-making. In a work environment, Bazerman (2002) gives the example of annual performance appraisals being based more around the last 3 months' work of an employee as opposed to the year in full. This is a prime example of the power and problems that can arise from the availability heuristic.

#### **2.4.3. c) Anchoring and adjusting heuristic**

The anchoring heuristic occurs when people use a pre-defined starting point and adjust it to come to an answer (Tversky & Kahneman, 1974). A common strategy when working with unknown data is to start with something we do know and work from there to reach a satisfactory solution (Epley & Gilovich, 2006). When this does occur, no matter how confident we are with the solution, the adjustments made are usually insufficient (Tversky & Kahneman, 1974). This heuristic is known as anchoring, or adjustment.

As our mind seeks to simplify complex decisions, anchoring has us take a reference point for our judgement based on conscious or subconscious suggestion and adjust based on additional knowledge gained. But they often turn out to be insufficient. Studies by Quattrone et al (1981) found that people work within a perimeter and they stop adjusting against the anchor once they land within that range (Epley & Gilovich, 2006).

One relevant set of bias that emerged from the anchoring heuristic involves conjunctive and disjunctive events. Conjunctive event bias occurs when the occurrence of conjoined events occurs (tossing a coin and getting heads 6 times in a row), which has a lower probability than each toss individually, we still tend to consider the probability of the individual event (one-coin toss) as the anchor for the

success of the conjoined occurrences, and tend to become overconfident in our estimation of its success (Tversky & Kahneman, 1974).

Conversely, disjunctive events such as the probability of drawing a red marble from a bag of 100 marbles, wherein 90 are white and 10 are red. When given the probabilities of success, experiment participants went for the risk-averse option and bet on a simple option, such as a 50:50 probabilities (50 red balls, 50 white). What this suggests is that we tend to naturally underestimate disjunctive events and move away from them, whilst we overestimate the conjunctive event (6 heads in a row) as opposed to 3 each, even though the latter was statistically more probable.

In practice where many compound events are required for a project to succeed, people tend to misjudge complex events or projects, whereby we might feel that individual elements won't break, we underestimate the possibility that as a collective they might breakdown. We overestimate probabilities of success and downplay or underestimate probabilities of failures. This mind-set seems to be ingrained in our cognitive instinct and so difficult to adjust. This was evidenced in the KSE's in my cross-case study where SMT's seem to depart from logical thinking and focus on certain aspects when making decisions.

Whilst scholars recognise this heuristic to be in existence and deemed to be effective and time-saving, they are still error prone. It remains unclear why adjustments to these anchors still appear to be insufficient (Epley & Gilovich, 2006) in reaching a reliable outcome.

#### **2.4.4 Tenure**

Finkelstein & Hambrick's (1990) paper on the influence of senior management tenure on organisational outcomes and decision making highlighted some interesting findings. Their empirical research which sampled 100 organisations in three different industries over a period of 5 years found that the longer the SMT's tenure, a) the more static, or unchanging the firm's strategy becomes b) the more their strategy conformed with the industry and c) the more their performance aligned to industry average (1990). They found that tenure hardens SMT commitment to the status quo and creates an adverse attitude towards taking risks. It also had a significant effect on strategy and performance, leading to average output. It appears that tenure leads to comfort and an unwillingness to be innovative and diverse. As opposed to



teams with shorter tenures, where they are more prone to depart from industry norm and have fresh approaches.

Stability and average performance becomes the benchmark for longer tenure SMT and the more discretion SMT have, the more influence it has on firm performance. This is no more evident than in the OGI with firms having long standing executives. Discretion, according to earlier work by Hambrick & Finkelstein (1987) is determined by influence within the environment, flexibility of the organisation for SMT action, and the ability of SMT to present choices. Based on their argument on the level of managerial discretion and its influence, the authors move the focus away from purely personal characteristics of SMTs, and offer an alternative view.

This work is based upon various factors somewhat out of SMT control, such as the nature of the industry, complexity and market forces. These are major external factors in the OGI and impact strategic DM. It is important to recognise these factors are outside the control of SMT's and so attempting to address this in depth here would not add much value. But what is relevant is the longer the tenure, the less aligned with the features of the OGI (innovative, fast-paced, adaptive) the SMT become and the less likely they are to be able to adapt to such external factors.

Milana & Maldaon's (2015) study on a sample of 150 people (managers and employees) found that influences of SMT competence such as age, education and previous success had no impact on performance in an organisational setting. What they did find was a strong link between tenure and performance, indicating that characteristics are almost irrelevant in performance. Whilst this was a very select sample, they have some interesting findings. They note that long-tenure influences organisational performance as they gain status and use this to manipulate their environment to suit themselves and their agenda.

This research, whilst raising some new findings, also shows the weakness that certain organisations face when not properly developed and can allow people to dominate. In the case of the OGI, SMT use their tenure and status to change attitudes and behaviours to make their performances look more accomplished yet potentially damage the firm in the long-run.

These papers touch upon a very relevant point for my research: the impact of tenure on SMT DM. My experience has found that SMT become more self-serving and less

motivated, as well as very defensive of their own views. The role of emotion, background and experience tie into similar points made around intuition and so these will be discussed together at a later point. Additionally, status quo and risk aversion are points that will also be considered against the emergent themes in this research. Conversely, age, education and previous success is deemed irrelevant in firm performance for SMT's yet are highlighted as key influencers of ethical DM.

These arguments open the debate for further questioning not just to whether tenure plays a role in DM, but why long tenure drives firms in the OGI to conformity to the industry norm and what influences this shift.

#### **2.4.5 Characteristics & competencies**

Bass (2007) refers to empirical research to focus upon the challenges faced by executives, common causes of failures and components of effective executive leadership. The main argument being that there's several challenges to face for executives which requires a balancing act of skill, competencies, stakeholder attentiveness and awareness of external factors amongst others.

Bass touches upon the work of Finklestein & Hambrick early on in discussing tenure before highlighting the evidence that strategic change usually happens when a new CEO comes in with a change mandate as opposed to an internally promoted CEO. These CEOs usually change areas they have worked in to show early success. Bass mentions Kets de Vries & Miller, (1984) who found that long tenure CEOs resist change, and this is often a cause of strategic failure.

Zaccaro, Gilbert & Thor (1991) found that during periods of uncertainty, complexity and ambiguity, the adaptive capacity of the CEO is highly important. Having long-term plans in such environments doesn't make sense, according to the authors.

In terms of SMT's competencies identified for success, Bass believes conceptual capacity, understanding complex patterns and cognitive capacity all play a part. They need to channel and support innovation, and promote, respect and develop subordinates. Bass also discusses causes of failure including not providing a strategic path, not understanding stakeholder needs, short-termism, and insensitivity to the feelings of employees and customers. That, aligned with self-interest, secrecy, rapid decisions without analysis, lack of ethical consideration and generally poor DM (Nutt 1999,2002; Levinson,1988) are all features of failing organisations due to poor SMTs.

The importance of adaptive capacity and the identified major failings around DM such as short-termism, insensitivity to employees, self-interest, ethics and rapid DM are all issues facing the OGI regarding DM. Bass (2007) does well to identify that there's lots of influences around DM and each one needs consideration. The relevance of this competent SMT's in the OGI need to be aware of those around them and have relevant skills to the particular environment to be able to adapt. In many instances in the OGI, there are examples of CEO's in positions for too long, and the firm stagnates, as referred to by Kets de Vries & Miller, (1984).

Bazerman & Moore (2008) looks at decisions made in managerial contexts around heuristics and bias. Their aim was to identify judgement flaws and helping to create opportunities to make better decisions. They believe the first step is to recognise the errors in our judgements. One of the key factors in being able to do this is to identify our motivational and emotional influences behind our decision making. They believe that although it may be difficult to control our emotions, making people more accountable in practice for their decisions forces them to move to a more System 2 approach to decision making, which invariably means more rational and better decisions are made (2008). This is an extremely important point as it moves the theory of decision making into a practical and organisational environment, where agents of an organisation need to justify their decisions, and so we would expect this pressure of making people accountable a key trigger for moving towards a System 2 approach to DM. My experience in the OGI leads me to believe that the role of emotion and accountability play a role in DM and this will be explored further throughout the research.

Miller & Toulouse (1996) make for some additional thought about the influence of CEO's in firms both small and large. Their findings suggest smaller firms have CEOs concerned with flexibility and control allow them to get things done and shape the organisation makes perfect sense as the entrepreneurial stage needs somewhat of a dictator putting things in place. But in a mature enterprise, that may be more rigid, self-interest may be more prevalent in the CEO as they are expected to align their thinking and personality with the organisation as opposed to helping shape it, as per a smaller entity. This is a relevant point and one that the OGI seems to show evidence of. The smaller entity (Company B) seems to be a smoother operation, more agile and quick to adapt whilst the industry giant (company A) is quite the opposite. The SMT of both come across very different and I would think that the maturity of the firm, and

associated rigidity may play a part in shaping the CEO's self-interest and risk aversion, as opposed to less mature and more agile firms.

#### **2.4.6 Summary of literature**

From a purely OGI focus and based on the above critique of the literature, intuition and instinct still play a key role in SMT DM. But this is preferable in more predictable environments as situations will differ and with varying levels of complexity. The use of peers also plays a major role in instinctive DM. Seeking guidance from longer incumbents is popular but has its own issues. The message emerging is that SMT's need the right balance between intuition and analysis, but they need to be aware of such an approach. This is where the need for skilled executives arises.

When considering the literature from an ethical perspective the clearest point raised is that ethical DM is driven by the SMT and a firm's culture reflects the SMT's values. The issue for the OGI is that ethical values can be conflicted due to the very nature of the product they sell. This opens a disparity between the theory around the value of ethics to some firm's bottom line and what happens in practice. What was also important was finding that several executives use their influence and stature to get support for sometimes unethical decisions. The impact on the culture and employee integrity is severely damaging. This, alongside working in a harmful "vice" industry influences personal values. This emerges from long-term exposure to such an environment.

What came out of the literature on tenure relevant to the OGI was that longer tenure was associated with risk-aversion, status quo, conformity to industry average, average output and a lack of innovation. The firms were less able to adapt to the changing industry. This was suggesting a strong link between tenure and performance as can be expected. Additionally, long-standing executives start to manipulate their environments. They try to dominate and look to change attitudes and behaviours to suit their own ends. Age, education and previous success is not deemed to influence this behaviour yet interestingly, each of these play a major role in ethical DM.

From a competency perspective, it's been suggested that during periods of uncertainty or complexity, having a CEO with a strong adaptive capacity is vital. They also need to create a culture to support innovation and mutual respect. Some key

causes of organisation failure at the executive level include short-termism, insensitivity, self-interest, rapid DM and lack of ethics.

Learning how to identify our own motivations and emotions can help in reducing our own judgement flaws, particularly when using intuition. Emotions play a role in our DM and influencing judgement.

Smaller firms usually have more flexible CEOs who can shape the culture whilst more mature firms are rigid and the CEO that comes in is expected to adapt themselves to align with the culture, leading to self-serving interests.

Considering this summary against the dangers of bias around DM, the reader should now understand the importance of exploring corporate DM, and understanding the factors and assumptions behind these decisions.

## **2.5 Gap in the research**

There is both a practical and theoretical significance to this research study. The potential benefit that can be realised if we can identify the cognitive tools and ethical drivers behind decision making in the OGI, is significant. There is little or no literature in circulation around this area of the OGI and it is not an area of focus in the practical environment either. The results of this study will build upon the existing knowledge in this area to help decision makers at the top level to take more time to consider the drivers of their own, and colleagues, decisions. Furthermore, it may also be used to screen potential SMT candidates and help lead to structural change in the traditional makeup at this level across the industry.

One of the key challenges faced is the industry has now become increasingly complex. Certain literature advises a significant reduction in the use of intuition for making decisions but with increased complexity, uncertainty and rapid change it is also argued that with significant time constraints, intuition and heuristics still have a role to play.

Additionally, if SMT's can recognise their own biases and learn to handle theirs and other's emotions, then heuristics, or System 1 thinking (Kahneman, 2012) can become more effective and reliable. But over-confidence, ego and self-interest can get in the way. So, as it stands, intuition seems to have a role to play in the OGI.

What this research will look at in the following chapters is the common place assumptions and basis around DM within the OGI that mitigate our bounded rationality, and only by investigating this in a real-life setting can we get a more complete understanding of the risks they bring.

## **2.6 Conclusion**

In summary, understanding the key issues within an organisation as discussed in this chapter is an important part of understanding the key strategic decision makers and the basis on which such decisions are taken. The techniques used for DM needs to be steeped in ethical reasoning and driven by logic stemming from their own actions as individuals and as a group.

The next chapter will introduce the research methodology.

# Chapter 3 - Research Methodology

## 3.1 Introduction

In the preceding chapters, we identified the role of complexity in this research for the OGI. We also recognised the need for SMT's being able to work within complex systems and build upon them, as opposed to push against them. We then considered the role of DM in a complex environment and the DM techniques used in an organisational setting. Focus was on the challenges bias brings to DM and the implications, both individually and collectively.

This chapter builds on these areas by constructing an appropriate methodological framework. The aim being to get a sense of how the research problem is formulated, to understand the deep-rooted assumptions held by myself based on my own experiences and biases, and as a means of helping the reader to bridge any gaps between their own assumptions and those in the research and any conclusions drawn.

## 3.2 Philosophical approach

To effectively address the research questions, it is important to identify a research methodology that fits in with the study aims. This is also driven by my own worldviews in putting this research together, and my ontological and epistemological views of the research design for the whole study.

As a social constructionist, one must make sense of the social constructs within which they are situated. How we, collectively as a social unit, make sense of our surroundings, based on our interactions with others. We enact our societal (or organisational) realities (Weick, 1995). We are defined, and define ourselves by a web of interrelationships and see ourselves as "being" only in relation to others (Cunliff, 2008). How we make sense of things is heavily embedded in our interaction and communication with others.

A social constructionist viewpoint acknowledges that we are part of a complex group of interactions within our society, that helps us to make sense of and shape our understanding (sense-making) of the world we are in. Whilst we sense-make as individuals, we cannot do so without the influence of those we interact with. We

acknowledge that we are intertwined with others and our lives are dependent on theirs, and vice versa. This creation of meaning in such a complex web of interactions and dialogue, is another example of emergence, in that sense is made from complexity through what Cunliffe (2008) calls 'subjectively constructed social realities'.

Understanding is a pre-emption of knowledge and understanding for a social constructionist comes from dialogue, communication and interaction, and with action research, knowledge comes from action. "Knowledge lies within action, and action lies within knowing" (Cunliffe, 2008). This is the very principal of action research, the fundamental approach taken for this study.

### **3.3 Methodological approach**

Based on the social constructionist philosophical viewpoint, choosing the methodology for the research becomes a lot clearer. The research focus for this study is on investigating people and events in their natural setting with the aim of creating rich descriptions and generating theory. Qualitative research "studies things in their natural settings to make sense of, or interpret, phenomena" (Denzin & Lincoln, 2011), with the aim of "addressing the meaning individuals or groups ascribe to a social or human problem" (Creswell, 2013). I, as researcher, play a pivotal role in the data collection and in interacting with participants as well as the environment. It is an evolving approach and heavily influenced by my own sensitivities. This is very much a subjectively-orientated piece of work, intrinsic to qualitative research. Qualitative research allows for such personal experiences and reflections to be used and offers a flexibility that is pivotal for this study.

A key feature of the qualitative approach is in looking to understand participants lives and experiences as a process (Creswell, 2013). In attempting to understand how management deal with complexity in the OGI, we will be delving into the assumptions and biases that influence key decisions, particularly in such a challenging environment. A qualitative approach will support that.

In contrast, a quantitative approach is a more rigid and traditional scientific approach, involving extensive sampling and does not offer the ability to recognise the uniqueness of the individual (Hughes, 1998). The inability of 'quants' to



encapsulate the human element, together with all of the above key features of the qualitative method, suggests why the latter is a more appropriate fit here.

This method ties in with the overall action research approach to the study as it incorporates narrative with field-work, (in this case as an insider-researcher), detailed data analysis and an emergent theory as the whole process evolves (Easterby Smith et al, 2012).

### **3.4 Introducing Action Research**

This research is an Action Research ("AR") based project. Raelin (2008) correctly points out that all professional doctoral research needs to allow for reflection on experiences that can advance knowledge and seek to improve practice. The AR approach allows for this as it breaks away from the more traditional approaches as it is immersed in practice. It is theory in action, as opposed to merely on action. This is by-all-means based upon an epistemology grounded in action learning (Raelin, 2014).

I aim to generate useful knowledge through interaction, particularly on how organisations manage change (Coghlan, 2003). In this study, complexity and how organisations deal with complexity is prevalent, and as an organisation is constantly in a process of change in complex environments, understanding how those decision makers perceive themselves and their roles, helps to generate knowledge about the system in action and its participants. All of which shapes my research and in generating actionable knowledge.

Coghlan & Brannick (2010) quote Shani & Pasmore (1985) by describing action research as "an emergent inquiry process in which applied behavioural science knowledge is integrated with existing organisational knowledge and applied to solve real organisational problems." It is a collaborative approach whereby experts work together to design action that encourages joint learning with the underlying philosophy being, 'the best way to learn is by doing (Greenwood & Levin, 2007).'

This study starts off as first-person AR and gradually evolves into AR at the group level and finally at the inter-organisational level. I was initially a reflective practitioner, carrying out inquiry that focused upon my own awareness and sense of 'matching' to my organisation (Coghlan, 2003). From here, and as my role within the organisation changed, I could influence departmental development and communication and look to promote engagement in what I was trying to achieve. In turn, my focus

became interorganisational whereby I focus on the industry as a collective unit to take my findings to date and try to implement them throughout the OGI. Whilst the aim is to produce actionable knowledge, this approach to AR is carried out as a sole action researcher basis in eliciting information on the role of bias, underlying assumptions and other influences in the OGI environment.

Clearly AR has a value in creating change and it is in this context that I am applying it within the OGI. This change involves working in a practical setting through bringing colleagues experiences together with my own alongside my ongoing research findings to understand DM in the OGI. The goal being to operate with a better understanding of the assumptions driving SMTs'.

### **3.5 Role of researcher**

As mentioned in the last section, this AR will be primarily insider-organistic, or insider researcher orientated. In taking such an approach, it is important to understand what that entails, and the issues involved. This section considers both.

Through being a part of the research, I give an insider perspective and so help in the search for understanding of the phenomenon under scrutiny. The role of the insider-researcher generally entails studying a group to which one belongs (Unluer, 2012). To maintain the credibility of the research throughout this approach it is important to have several preventative measures in place. Unluer (2012) suggests that there are three key areas to focus on to conduct credible insider-research, which include being aware of any personal bias in the data collection and analysis stages, respecting the anonymity of the individuals and organisations participating and the ethical issues around this, and addressing the issues around the insider-researchers influence on people and in accessing privileged information.

#### **3.5.1 Positioning myself**

Firstly, it's important to position myself within the research. As mentioned in the last section, my role as researcher takes several guises: from that of participant-observer, to full-on action-researcher. The initial research is somewhat first-person based in that I was using the organisation (company A) to understand the OGI, to develop myself personally, and as a basis upon which to construct a research topic. Additionally, I move onto second person research wherein I could actively participate in DM and work with others to solve day to day issues and strategic change, which would all help

improve the business (company C). Finally, as a researcher I focus upon generating an understanding of drivers around issues within the OGI with the aim of producing a meaningful piece of work and results that can be shared across to OGI. All of which is grounded in my experiences as an insider-researcher.

There are several advantages being an insider-researcher as opposed to an outside-researcher. The main one being that the researcher is given an opportunity to acquire first hand understanding in use as opposed to 'reconstructed understanding' (Coghlan & Brannick, 2010). But it is just as important to recognise the disadvantages and address them accordingly to ensure the data remains valid. One of these potential disadvantages, is the idea of role duality. The ability to split the roles of employee and researcher yet carry out both efficiently is important. Costley et al (2010) highlighted situatedness, situation and context as the fundamental feature of being an insider researcher and role-duality. Situatedness relates to my role as researcher, situation is the issue under study and my role within it and context being the background of the phenomenon (Costley et al., 2010). Being able to juggle these roles is difficult, and may lead to political issues within the organisation. In my roles, there was often conflict with being an insider and a researcher. This was prevalent initially in company A, where they were very sceptical of me studying issues within the organisation, however informally, at that time I was an employee and in my relationships in company C, wherein they initially responded positively about the dual-role I was taking, yet quickly departed from that as their own roles evolved.

### **3.5.2 Reducing bias**

As an insider-action researcher, it is important to recognise one's own biases before and throughout the research (Coghlan & Brannick, 2010). Ignoring one's own biases will damage the authenticity of the research. It is extremely difficult to eradicate bias from a subjective piece of work (Mehra, 2002) but regular reflective practices and triangulation, gives me comfort over the influence any biases might have on this research. In addition, to combat potential biases from influencing the authenticity of the research, Coghlan & Brannick (2010) suggest four empirical methods to alleviate this potential issue. These include: Attentiveness (to the data), Intelligence; in attempting to understand the phenomenon under study, Reasonableness; making reasonable judgements and, being Responsible. All of which are used in this research.

Furthermore, Mehra (2002) points out that the researcher needs to avoid chasing anticipated findings and interpreting data and manipulating analysis to get to these anticipated findings. He calls this the pink elephant bias. Whilst most researchers will have an idea of what their findings may be, in this research, it is an inductive approach in that no specific findings had been anticipated, instead the findings emerge from the data, so this bias is mitigated somewhat. But we must still ensure rigor by putting a proper data collection and analysis approach in place. This also helps in reducing personal bias.

An additional suggestion offered by Mehra (2002) on reducing bias is in the data presentation. He suggests direct quotes from interview participants. This allows the reader to get the sentiment and under what line of questioning these quotes emerge. This gives the reader a more objective angle and differentiates the researcher from the interviewee in a clear and succinct manner. In this paper, all of the above are implemented as you will see in the case study chapter and in the data analysis. This gives me additional comfort that I have done enough to reduce my own bias and assumptions from impacting the analysis.

### **3.6 Introducing the case study**

Having positioned myself within the AR approach, as an insider-action researcher, I will now discuss how the cross-case study will be carried out. Cross-case study being the study of two organisations, comparing each. The value of using a case study approach is that it gives the opportunity to investigate more complex topics not easily addressed via other traditional methods (Yin, 2004). This is relevant for this study as it supports the other approaches being taken and allows me to highlight issues I had been privy to prior to engagement (company A) and so I could delve much deeper due to enhanced knowledge from my time employed there.

Furthermore, case studies are valuable in investigating causal relationships to understand why something happens and what were the outcomes. The ability to obtain first-hand information in these practical settings adds credibility to the data and enhances my understanding of the phenomenon being studied (Yin, 2004). This is in line with the stated objectives of the thesis.

Additionally, having to pursue multiple lines of inquiry simultaneously as events unfold, means that there is a lot of analysis involved (Yin, 2004). There's a need to be adaptive,

as new discoveries or data may mean a design change is required and so flexibility is also important to ensure the rigor of the work remains constant (Yin, 2014). For this study, I focused on two companies, one I had previously worked in (company A) and the other I had no direct history with (company C). One was a large publicly listed entity, the other a family owned business. Whilst the approach was the same in terms of questioning and seeking understanding, I was often pulled off topic onto other areas, sometimes of real value. This meant I needed to consider these new topics in the subsequent interviews and adjust my analysis to account for these, of which some were value-adding whilst others were not.

With cross-case studies, there's an opportunity to offer more robust findings (Yin, 2014) and make the overall analysis easier. Furthermore, single studies are vulnerable and open to extensive critique as they are not compared to anything else with the same methodological philosophy as adopted by myself. This cross-case synthesis mitigates such vulnerability. As mentioned, I took two contrasting businesses, both with different challenges and stages of growth, and could find similarities. Again, this added weight to the research and removed some of the subjectivity that may have emerged had it been simply a one-company case study.

### **3.7 Auto Ethnography**

The autoethnographic approach intersects well with the social constructionist philosophy adopted for this research and shines a light on the actors more so than the case study approach as it is important in recognising or 'humanifying' the research to represent those actors being researched. It also allows for a more inclusive role by entangling the researcher in the subjects through proximity, and departs from the stale, more traditional distancing from the research subjects. This ensures a more intimate and emotional attachment to the research to be able to see what they see and feel how they feel.

With autoethnography, the researcher is the focal point. Whilst very much centred around Max Weber's *Verstehen* (1947), wherein the researcher steps into the shoes of the subject, by understanding how they create the environment they inhabit, journaling focuses on the researcher as the actor and acts as a self-reflective exercise. During my time in company A, I witnessed at first hand the issues faced, decisions made, and outcomes of such decisions, both directly and indirectly, as they impacted all areas of the organisation. I got a sense of my own feelings through regularly

journaling and upon subsequent reflection could revisit my feelings then and following the events. This, alongside noting the attitudes and feelings of colleagues, along with informal conversations around these issues, really put me in the shoes of those affected most by these decisions.

Ethnography requires getting in depth comprehension of the actors as living beings who are driven by their own interpretations of the world and in this research (Adams et al, 2015), I positioned myself within the study and successfully considered my own view of the drivers and assumptions around decision making within the OGI.

### **3.8 Social constructionist grounded theory ("SCGT")**

Along with case study and autoethnography, a grounded theory method was chosen. This was important as a means of aligning the qualitative research strategy with a study that focuses on individual's interpretations of their world (Bryman and Bell, 2007) whilst complimenting my socialist constructionist philosophy. Additionally, its well suited for inductive research, which involves collecting, analysing and making sense of complex data.

Grounded theory ("GT") is the process of developing a theory from the data gathered in the field (Creswell, 2013). The theory is 'grounded' in the data. It typically looks at people's experiences with a process or event and aims to create a theory around said process or event. Glaser & Strauss (1967) were famed as the founders of the idea of grounded theory. They believed that a theory should be derived from data, as opposed to being imposed on data. Their belief is that theory should be developed through looking at the same event in various settings (1967).

Charmaz (2006) believed that the approach by both Glaser and Strauss was too rigid and introduced the idea of a social constructionist grounded theory, which allowed for more flexibility for the researcher. Charmaz saw social situations as the unit of analysis as opposed to processes under traditional GT. She felt that her approach could address not only the what's and how's that GT looks at, but also the why. Something she felt traditional GT often failed to do.

Furthermore, Charmaz (2006) felt that an objective GT approach was clearly different to a SCGT approach, wherein she saw the researcher playing a key role in introducing and using their own experiences, interactions, beliefs and practices. Additionally, she allows room for researcher reflexivity also.

SC and GT are already closely linked in many respects. Firstly, both are inductive approaches. Secondly, the study of processes or events, building analysis and understanding others views of the world and their society are all relevant to GT and SC. So, Charmaz (2006) questions how traditional GT can be fully objective and why would it want to be when its personal experiences from where the data for analysis actually emerges. What's more, she believes that the researchers pre-conceived ideas should be a basis for the research as opposed to GT's rigidity in starting from scratch and building up theory from the data. Participants and researcher bring their experiences together and it's the researcher who constructs theory from it. They recognise prior knowledge on the topic under scrutiny. Finally, Charmaz (2006) allows for improvisation when it comes to methodological and analysis strategies. This gives greater flexibility for the researcher to scrutinise data. She believes the rigid GT rules should not dictate what and how a researcher needs to do.

This research uses Charmaz's SCGT by taking an innovative approach to data collection and analysis, mixing several methods and using AR to allow for empirical testing and reflection, to generate rich data via themes, all of which lead towards answering the research questions and allowing the underlying theory to emerge.

The SCGT approach fits in well with my research in that it adopts the main principles of a respected and widely-accepted method (GT), yet it allows me the flexibility to look beyond the how decisions are made and ask why, something traditional GT ignores. Furthermore, and most importantly, in this AR driven research, I as the researcher play a key role. My research and journals from my time in company A and company C form a key part of the data collected for analysis. I am the subject in discussing company C and whilst subjective, my experiences are fundamental to the research, and in generating theory and the SCGT approach allows for this.

Additionally, this approach allows for my own pre-conceived ideas to be used as the basis for this research. My experience in the OGI allowed me to identify the workplace based problem. My analysis of early journals and initial literature review was the foundations for this research. From this I could structure the research subject, initial issues identified and the problem that required in-depth understanding and move forward from there. A traditional GT approach wouldn't allow this.

The SCGT approach is flexible, and allows the other methods to come into play also. These other methods are often questioned about their rigour but collectively, with

SCGT's involvement, it adds weight and a structure for generating theory which is then supported by the likes of case study and autoethnography, adding to the breadth of data collected and thus credibility of the paper overall.

### **3.9 Triangulation**

Triangulation is the use of multiple approaches to a research question to enhance the robustness and confidence in your findings (Bryman, 2003). It is commonly used in social and behavioural focused research. In this research, I use triangulation to identify the prevalent themes across the data collected. The aim being to enhance the credibility of my findings and offer a more rounded, robust piece of work.

In the first instance, early action research in company A gave me a first-person perspective of the influences of DM at SMT level and what I perceived to be the issues. This gave me an initial grounding and a reference point for my research topic which I use to position the research and in creating interview questions. The case study gave me another set of data, that of SMT's in different organisations who had their own experiences, opinions and understanding. The autoethnographic approach allowed me to live the problem in that my journals effectively captured the sentiment when key strategic decisions were being made and the outcome of these decisions, from both a SMT perspective and a corporate one. The themes and emergent theory are then considered in line with the extant literature. This approach was fundamental in the success of this research and added to the robustness of the findings as it identified similar issues, but from different perspectives.

My iteration around company C then gave me an opportunity to test and challenge my early findings. When I brought these differing approaches together, it gave me a wonderfully diverse and credible set of data that seemed to have several commonalities, and these are what I focus on later in the paper.

Whilst Bryman (2003) suggests that triangulation may conflict with the beliefs of the social constructionist, in that it tries to define a single definitive truth, this is not the case in this study. It is used here to make the findings robust, credible and let the reader see that the issue has been addressed through different means. In this regard, it has been a success.



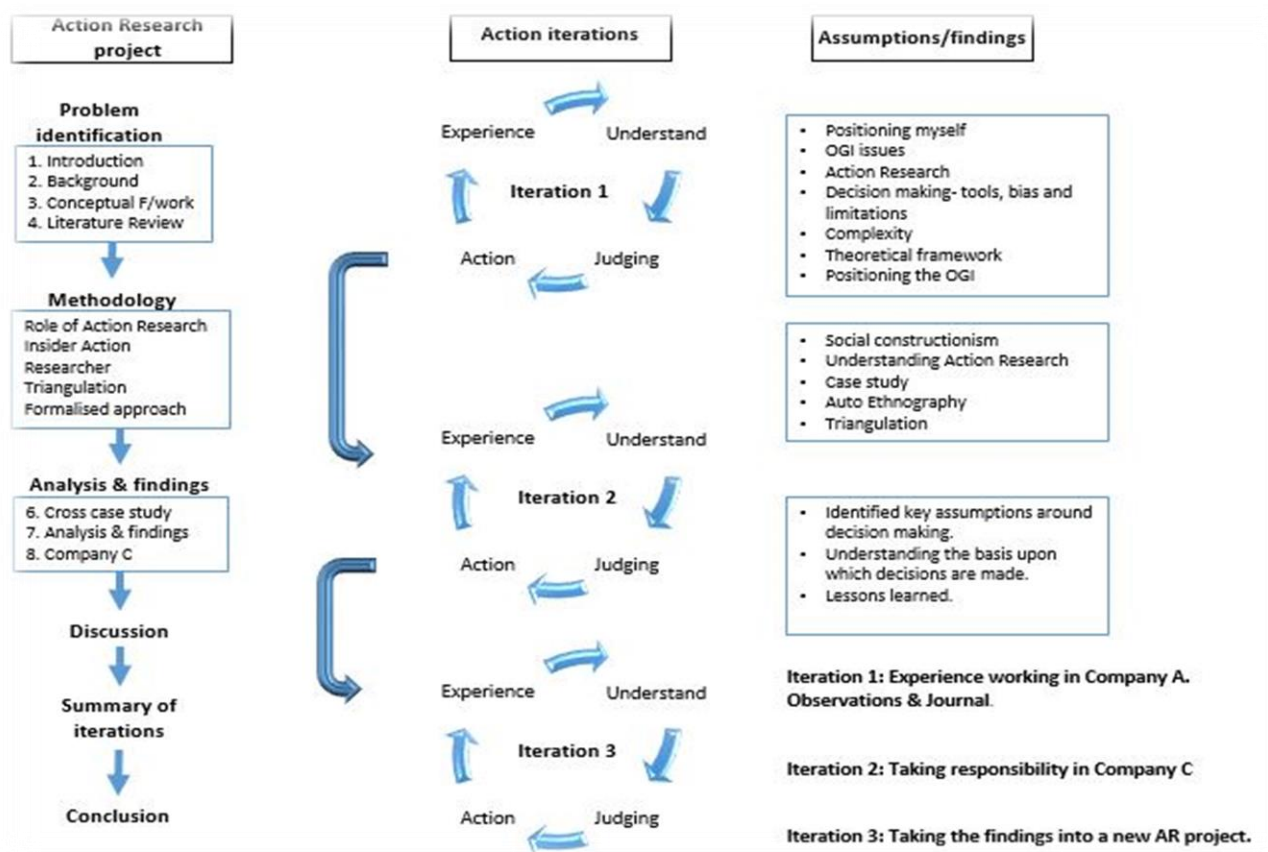


Figure 3.1: Flow of the Action Research project

### 3.10 Research methods

Having considered the multiple research approaches and the use of triangulation, we now look at the research methods in use. This section is split into three parts. The first part presents the data collection methods used in this study. The second part discusses the work required before commencement of the interview process. The third part presents the data analysis and data management processes used.

#### Data collection methods

- Autoethnographic ("AE") Journaling

The use of AE journaling in my most recent employment (company C) was one way of recording the data for this study. Additionally, reflecting on older journals from my time in company A has been hugely valuable as it reconciles thinking at the time of writing with current thinking and helps to align my assumptions.

The use of AE helps to chart my ongoing evolution within the OGI as the research progresses. Throughout my career within the OGI, a journal was maintained and

regular entries were made focusing on events that were unfolding and the effect they had on both the organisation and myself. As my experiences matured and more literature is digested, the journaling started to take greater shape. Together with the findings from the other research approaches, it started to reveal some common themes and contradictions from the actions of the SMT.

These journals were maintained throughout my time working in the OGI. Upon reflection, I could re-evaluate my earlier thinking in line with my evolving research. These are discussed in detail in chapter 7.

- Secondary data

Secondary data is useful in offering supplementary information about the subject matter that primary data may not. Media articles, press releases, independent research all helped to define and understand the research environment from an individual, organisational, industry-wide perspective. The use of secondary data adds to the validity of the primary research and allow access to supporting data such as numerical or contextual data that might be unavailable or disallowed from primary research, due to confidentiality or other reasons.

Other data used include media reports, specifically gambling related websites and magazines. Additionally, obtaining access to annual financial reports gives a numerical representation of the company's performance.

- Interviews

Interviews are useful to obtain information that may otherwise be difficult to obtain. They can open new lines of inquiry or go in-depth into certain areas that direct observation may not offer. They give the participant an opportunity to “open-up” and “tell their story”. There are a variety of interview types available. Unstructured, semi-structured or structured. They can be face to face or via electronic means.

The interviewees came from two companies. One company was a large PLC and a global brand, the other was a family-owned, small organisation. Both companies made up the case study and offered a good example of the impact of size on complexity, agility and competence. I approached both companies in the case study informally through a point of contact before sending over formal email requests.

The eight interviews were carried out in the participants offices during working hours and beforehand they were each explained their rights and given a consent form for signing in my presence and printed copies of what I had already emailed them; open-ended interview questions and the research declaration letter. The questions were designed to be non-confrontational to ease the participant into a comfortable position. The questions were clear and understood and there were no issues with answering the questions.

The interviews were tape recorded with me taking hand-written notes also for any additional clarifications. No adjustments or amendments/retakes were required and all parties finished amicably. There were no subsequent issues. The findings from these case studies are detailed in chapter 6.

### Initiating the interview process

Before I commenced the interview process, there were several formalities that needed to be addressed. These include obtaining ethical approval from the University along with consent from participant organisations and individuals.

- Approval from participant companies

It is important to let the organisations know that you intend to study from a first-person perspective, to know what you are researching, how you intend to do so and how you intend to mitigate any potential risks or damage that may occur from such research. Depending on the outcome of these concerns, the participant organisations may decide to grant or reject your request for access.

I sought and obtained written consent from the organisations under study and there were no concerns highlighted by either party prior, during or after the research being carried out on each respective participant organisation.

- Ethical approval

The ethical approval process is a long process and requires several different documents, including signing a declaration of understanding of my obligations to both the university and the participants. I submitted a list of topic questions, participant consent templates and the letter describing the research that I would send to participants. The data was to be anonymised and as I no longer worked with any

of the organisations or participants, this significantly reduced the ethical risks, eventually leading to ethical approval.

- Gaining access to participants

Access to participants came through a main point of contact within each participant organisation. Participants were identified in advance within each organisation based on their position within their organisations. Senior management were the target interviewees, as they had first-hand experience of strategic decision making and the issues within their organisation and the insight into the thinking at the time and upon reflection. I also approached the HR heads to get the wider employee-wide view of the organisation, as they are closer to all levels of the organisation than anyone else.

Upon initial introduction by my point of contact, I sent an email with a detailed description of my research subject, and its aims. I explained the approach that would be taken and sent them a list of topics that interviews would focus upon. I explained they were free to withdraw at any stage and that their data and their names would be anonymised so they would not be exposed in any way.

- Consent of participants

The participants signed a consent form and were made aware of their rights and I identified and dispelled any concerns they may have. Prior to each interview, I informed each participant of the process, their rights and let them know I was not going to pursue any questions if they felt uncomfortable. The interviews would be carried out wherever suited them at a time that suited. All of which were in their offices on a one-to-one basis, with no interruptions or outsiders.

- Derivation of questions for interviews

Based on an initial literature review and concept mapping (figure 3.2) early in my research from my experience in company A, I derived a list of issues that the case study interview questions would be based around. These were:

- High points and low points of their time in the organisation
- How culture impacted DM
- How personality impacted DM
- Decisions made and their impact on innovation and competitiveness
- Reflecting on decisions made

- The influence of founder-owners
- Symbolism/escalation of commitment
- External factors/events far from certainty
- Lessons from the industry, and
- Organisational inertia and competition.

From these interview focus areas, I produced several more specific questions based on my knowledge of the companies and the industry and what I perceived their roles to entail. In many cases, questions were initially the same for all participants but there were some exceptions, usually regarding the HR participants or adaptations as the interview processes emerged. This enabled me to keep the questions relevant, interesting and open for expansion and opinion on their part.

- Confidentiality and anonymity

It was decided that due to the sensitivity of the information and the potential for competitive advantages to be gained, the participants, individuals and organisations, would all be anonymised. This would protect all parties. Participants were made aware of this and informed that after anonymising the data, there was no recourse for withdrawing their interviews, as it would be extremely difficult to do so.

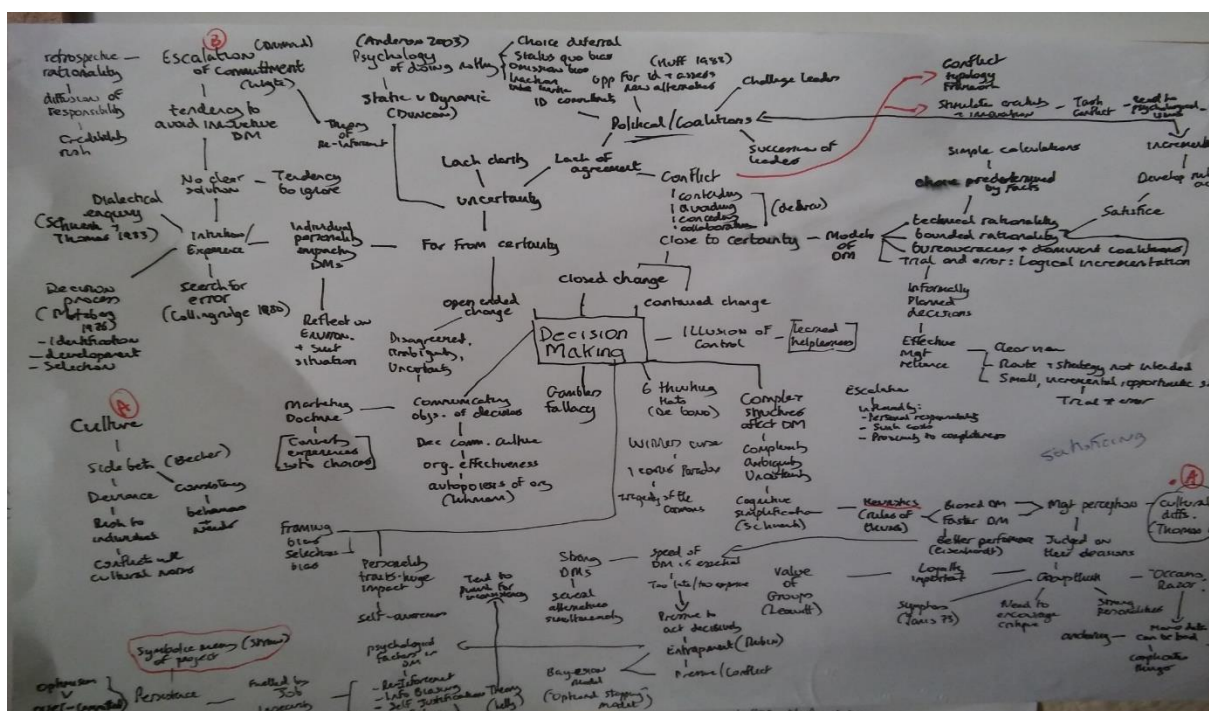


Figure 3.2: Concept map based on early literature review

Confident in my approach in ensuring any data collected was done so legitimately and without harm, I now turn to the use of this data.

### **3.11 Data analysis, storage and presentation**

The data analysis was carried out using grounded theory. As theory was emerging from the data, it needed to be structured and an 'audit trail' of the process and the evolution of the thinking is clearly presented to allow understanding and easier to follow. This involved a two-staged approach that begins with initial sampling (cross-case study) followed by theoretical sampling (comparison v company C). This is detailed below.

#### Initial Sampling

Analysis involves interacting with the data to allow the researcher to progress from description to explanation (Corbin & Strauss, 2008). Under this AR research approach, which is highly iterative, four key objectives of data analysis are used which fit in with the inductive qualitative research method being used. These objectives:

1. Creating a data structure,
2. Analysis for context and process,
3. Establishing relationships between categories, and
4. Theoretical integration.

These are very much based on Corbin & Strauss's (2008) aims of qualitative research. The outcome of which should be to describe phenomenon by developing concepts from the data, and discussing how these concepts are linked (2008).

I will start by discussing what is involved in each objective. The findings of which are outlined in later chapters.

#### 1. Creating a data structure

To enable a more productive analysis of the data, the reams of data collected need to be broken down into smaller pieces, or concepts. It is not only helpful for analysis, it also gives the reader a transparent view of the link between the data, theoretical concepts and final theory that emerges.

This was carried out under a traditional GT method using four steps, which are:

- i. Transcribing the data.
- ii. Coding of the data once transcribed.

- iii. Memos
- iv. Analysing of themes or concepts

*a) Transcribing the data.*

Interviews were recorded as pre-agreed with participants and transcription was carried out within a reasonable amount of time to ensure the mood, tone and work environment at the time were considered. Transcriptions took up to one day each to be typed up, depending on meeting length (usually an hour). Details of which are included in chapter 4.

*b) Coding*

During the coding process, I looked for labels in each segment of data for each interview. Coding being the process of not only labelling the data but also as a tool for learning and understanding what is happening (Charmaz, 2006). The initial coding stayed close to the terms and language used by the participants to maintain the sense of how they felt.

Whilst it is recommended to code on a line by line basis, I felt that it more appropriate to take it statement by statement in terms of participants responses and body language to each question asked. This avoided the risk of taking things out of context and became a less onerous exercise yet still captured the essence of the dialogue.

*c) Memos*

Memos are used as reflective vignettes on key themes that have been picked up from an interview or journaling process and helps the researcher to help remember or capture an idea or thought (Charmaz, 2006). This is an informal activity that helps flesh out ideas and definitions which are then revisited later in the analysis. In this regard, I kept handwritten notes that I could visit regularly.

*d) Analysing of themes or concepts*

During this stage, the researcher moves from data collected at the initial coding stage and looks to condense it into a smaller number of concepts. This is commonly referred to under GT as moving from "1<sup>st</sup> order codes to 2<sup>nd</sup> order codes". In the 2<sup>nd</sup> order code stage there should be more theory-centric concepts or themes that emerge as patterns start to form. This move from 1<sup>st</sup> order to 2<sup>nd</sup> order concepts is also known as axial coding (Charmaz, 2006). This is chiefly carried out by constant comparison.

For this research, once the 2<sup>nd</sup> order categories were developed, not only from interviews but also from secondary data and autoethnographic journals, several themes emerged that were recurring throughout on an individual basis (each separate interview, journal, etc). These were then put up on a white-board under their respective method (case-study, ethnography) before moving to the next set of themes. This process was carried out for each data collection method.

What followed was several rounds of comparing themes against themes from each data source across the case studies, journals and secondary data. After stepping away from the data for a few days, I came back and considered all the data as one by sitting down and writing out more memos after reading through all the data collected in one sitting, and subsequently revised the individual themes once more comparing against these memos.

## 2. Analysing for context and process

Having established the data structure, the next step is to analyse it for context. This is necessary to develop what is known as a "thick" description (Dey, 2005).

There are several coding strategies available under GT, each of which have their own merits and support in the unravelling of the data. From a constructionist perspective, these strategies are somewhat rigid, and there's a sense of trying to squeeze the themes into them as opposed to letting them assist in the untangling and interlinking of the themes that have emerged from the earlier analysis. Whilst these may be labelled coding strategies, they are in fact more about refining the themes developed and so some flexibility is allowed in this regard, as is granted under a SCGT approach.

## 3. Establishing relationships between categories

At this stage, the analysis looks to understand how each of the themes from the individual data collection methods interact. This process aims at creating "substantive theory" (Charmaz, 2006) and this is based upon the strength of the relationships of interacting themes.

Commonly, visual methods are used for this stage of the analysis. This research uses a table of common themes from various data sources. These themes form tentative relationships which form the basis for further investigation and development. This table is presented in appendix 2.



#### 4. Theoretical sampling

Following on from the initial sampling, wherein the researcher carries out somewhat opportunistic data analysis derived from the data, this next stage, theoretical sampling, is directed by the concepts and themes that emerged from this earlier stage. The objective being to get a better insight and fill any gaps in the concepts (Charmaz, 2006).

"Theoretical sampling involves starting with the data, constructing tentative ideas about the data, and then examining these ideas through further empirical inquiry." (Charmaz, 2006).

This process is recommended to be carried out until what is known as saturation is achieved. Saturation being when data collection no longer contributes to the phenomenon being investigated (Egan, 2002).

In this regard, the researcher lets the analysis guide the research and form questions with which they seek additional data to answer these questions (Corbin & Strauss, 2008). For this research, the initial stage involved the cross-case study and the themes that emerged from that to give a basis from which to move to the sampling stage. The second stage involves using these themes to ask questions about additional information gathered around a similar process, but this time in company C.

Data on company C came from autoethnographic journals and AR based around my knowledge of the issue up to that point (mainly from my time in company A). No interviews were carried out due to the limitations based on confidentiality concerns of the company as it was a new challenger to the industry and extremely cautious about its niche product offering.

The journal entries were coded and analysed, and themes emerged, like the abovementioned approach with the cross-case study. These themes were then held in mind as the journals were revisited to find any other codes or themes of relevance. The findings of which were then compared to the findings from the cross-case study.

This triangulation of data allows for a wider sample of verification of emerging concepts and cross-checking, leading to stronger themes and a more robust set of findings.

## Theoretical Integration

The final step in the process of the construction of theory using GT is that of theoretical integration ("TE"). TE focuses on an internal and an external integration. Internal integration presents the findings by bringing together the context, themes, processes and relationships in such a way as to easily explain how the theory is derived (Corbin & Strauss, 2008).

On the other side, external integration is the integration of these findings with existing theory by comparison with conflicting and comparable literature. The aim being to enhance the validity even further. This stage is presented in chapter 7.

This step clearly shows the gap this research is trying to fill by comparing to earlier literature. This again gives the reader a clear idea of the flow of thinking and relevance of the work in the field.

Having considered the analysis of the data, we now look at the storage and presentation approach.

### Data storage & presentation

Data is stored on my personal computer that I am the sole user of and an external drive as well as a cloud storage device, all of which are password protected for additional security. Additional documentation such as participant consent forms and secondary data are held in a locked cabinet in my home.

- Presentation

"Turning the story" as Creswell (2013) describes it, is the process of writing up the story that has emanated from one's data collection. There are several qualitative writing styles available such as narrative, case study, phenomenology, grounded theory and ethnography. For this research, a case study and action research approach was taken.

The first part of the story combines the data from the case study synthesis (interviews, observation and media reports) with autoethnographic journals from my time in employment in Company A. This will allow for a detailed description of events (Creswell, 2013) leading up to and after key strategic decisions were made. From here, key themes will emerge from each case that can be then aggregated and discussed.

The second part is a description of the research in action, based on my experiences working in company C. As I attempt to understand the culture and community of my previous workplace (company C), I will explore various stages, or layers (Creswell, 2013) of my own involvement. This will be a personal account of how the culture of the industry and those individuals in it, affected me and what responses were triggered from our interactions, particularly around key decisions. This will draw out a pattern of behaviour based on my interpretations that will look closely at the people and my personal experiences and expectancies that will elicit key themes that are then compared to the earlier case-study findings.

- Rigour

Whilst I am committed to ensuring the rigour of this research, it is important to discuss how I did so. In such a subjective, researcher-participant study, I am aware of the enhanced emphasis on rigour around action research.

I maintained rigour by regularly challenging assumptions and interpretations that arose from the output of my analysis of the data. This was done partly through reflection and informal correspondence with colleagues in the OGI, and partly through triangulation, which added to the robustness of my findings.

Additionally, with a GT approach, the structure of the theory generation needs to be credible and illustrate a clear link between data, theories and using sufficient detail and original data throughout. The theory should fit the data and be clear to the reader.

Finally, as the research is action-based, there was an opportunity to test assumptions in action, and through a phase of reflection. As understanding emerged, I learnt more and so the action cycles (or iterations) became better and more effective.

- Relevance

Relevance is importance in ensuring the contribution to both academic and practical field is both timely and of value. This is attained through an original approach to the research problem and a clearly developed theory.

The findings should be applicable to problems currently faced in the industry and provide new insights or challenge current thinking as well as being able to be

integrated into a practical setting. My research does this and will be shown in the following chapters.

### **3.12 Limitations**

My research only focuses on three OGI companies in one country in the EU and so their views and experiences may not necessarily be those of the wider industry. Whilst I recognised there was an issue that needed exploring, this issue was identified during my time employed in company A and so using the same company in the case study might not be deemed to be adding to the credibility of the sample. However, I believe the richness of the data and the level of depth of analysis surrounding company A reduces the impact of this limitation somewhat.

GT brings with it several assurances that added to the validity of the research. The systematic and rigorous procedures that is expected with GT and constant iterations of comparison and review, generates rich data based on the experiences of those under study. However, in such a study as this, with multiple methods and with AR at its heart, such a rigid structure would contradict my approach and social constructionist philosophy and adaptability. GT requires that the researcher puts their own ideas and opinions to one side and allow the data to speak for itself (Thorpe & Holt, 2008). It's highly systematic, rigid approach and offers little flexibility for the researcher, yet expects to researcher to make a call on when enough data has been collected, which can be difficult when following such rigid steps.

To allow for the use of GT in generating theory and to compliment the other methods, I adopted Charmaz's (2000) social constructionist GT approach, which acknowledges and encourages the researchers own experiences from 'interaction within the field and questions about the data' (Charmaz, 2000). This approach is more adaptable and puts the experiences of the researcher more centre-stage. In research such as this, where I tackle a work-placed problem, flexibility is paramount, as the data is coming from multiple sources in a variety of ways and my experiences is what is driving the need for such research, and so allows for pre-conceived ideas of the researcher to be acknowledged and part of the research. And what's more, it aligns with my philosophical approach of social constructionism.

The use of case study allows me to offer the reader an intensive, in-depth study of the problem being scrutinised in a real-world setting. It offers greater insight into the

phenomenon as various participants contribute (8 participants from 2 companies) and as more than one organisation is involved, it allows for comparison across each firm. But the limitations with CS is the validity of the data. It's driven by the researcher's agenda and subject to bias, due to me being so close to the issue and in leading the interviews and preparing the interview topics. Also, the findings may be impossible to replicate by others and it's been argued that the findings from this method lack rigour.

To protect my work from these criticisms, I have used a lot of direct quotes from the participants, and in doing so, allow them to tell their own story. This reduces the potential bias and allows the reader to form an opinion somewhat independently of the researcher. Additionally, using two companies in the CS adds more data and from different sources which add more credibility, as both firms were very different from the outside, looking-in. My experience having worked in company A meant that I could go in-depth quite quickly and was able to save on time and resources, which was extremely important in a multi-method research approach.

Autoethnography allows for in-depth comprehension of the actors and issues by placing the researcher into the role of subject, allowing for more richer data to emerge from being close to the issue (Cresswell, 2013). The limitations of this is the dangers from being too close to the research and at the same time trying to be a detached researcher. The danger of getting lost in the research as subject is real and will face heavy criticism, as the data may be biased and lose the focus. Additionally, legal, ethical and other restrictions may mean that although having access to wonderfully rich data, its use may be highly restricted.

For this research, I had constant self-reflection exercises and took time away from the data, to come back then with fresh eyes. This allowed me to realign my thinking, get an idea of what my organisation would not want included and to reduce bias and misguided assumptions on my part as much as possible. The number of iterations in revisiting and realigning my understanding took time, but was an essential part of the research, to allow the data to be credible and justify its use in this research.

Overall, the use of various research methods somewhat adds a credibility ballast to the small company sample size I had to work with. This, aligned with the time and word restrictions turned into a sensible approach, and although the topic was driven by my own interest and experiences, it's the triangulated data and interviewees input that

make the problem worth exploring and the findings valid and helped work around limitations with the methods I was employing.

### **3.13 Conclusion**

This chapter has explored and justified the philosophy and the use of action research as the main research approach within several approaches. The data collection and analysis methods and my own role are now clear and identify why they are a good fit for the subject under research. Concerns over participants, anonymity, data storage and ethics have all been addressed.

The next chapter explores the case study findings.

# Chapter 4 - Decision making around KSE in practice: a cross-case study

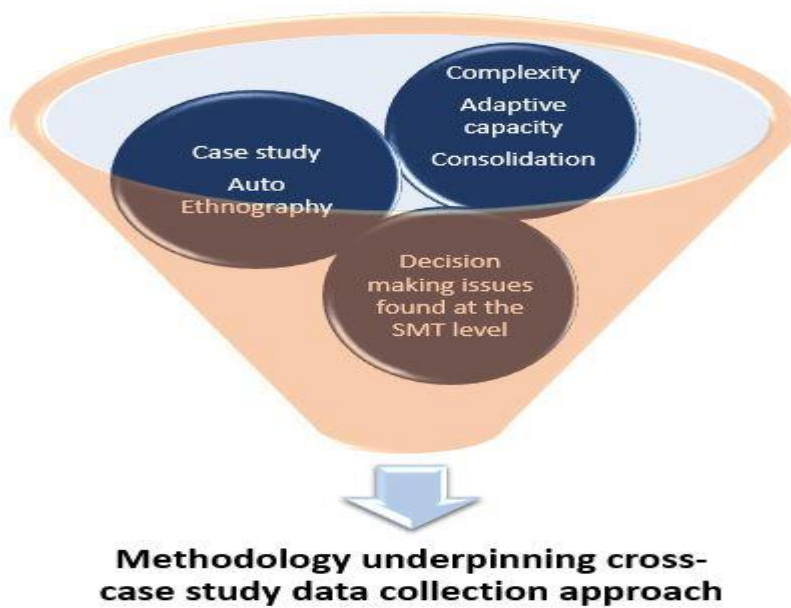
## 4.1 Introduction

Chapter 4 presents the cross-case study. The data is taken mainly from interviews with SMT's in participant companies, and focuses on three key strategic events that have had a significant impact on each respective company. The eight interview participants are taken from two companies; company A and company B. Due to the explorative nature of this research, direct quotes will be used in abundance around these strategic events to give a sense of the emotions and sentiments of these participants in different senior management roles within each company.

The aim is to use this chapter to lay out the information gathered in a clear and informative fashion to give the reader an insight into the industry, the players, the thoughts and conflicts and the emotions of each. This will facilitate further analysis and interpretation of the information gathered through patterns or contradictions in the next chapter.

## 4.2 Data analysis and research focus

When preparing data for analysis, it is important the methods chosen are aligned to the philosophy and methodological framework that support the research. For research to be deemed rigorous and credible, a clear explanation is needed of how the analysis was carried out, how the findings were established (Creswell, 2013) and how both are connected. To do this, the unit of analysis being used should be clearly identified and an explanation given for choosing that unit of analysis. What is also important to clarify is how the conceptual framework is aligned to the initial findings and how each unit of analysis is used to meet the research objectives. We start by considering the methodology (figure 4.1) that underpins the data collection approach. To give additional structure to this discussion, Creswell's (2007) data analysis spiral is used as a visual aid for clarity (see figure 4.2).

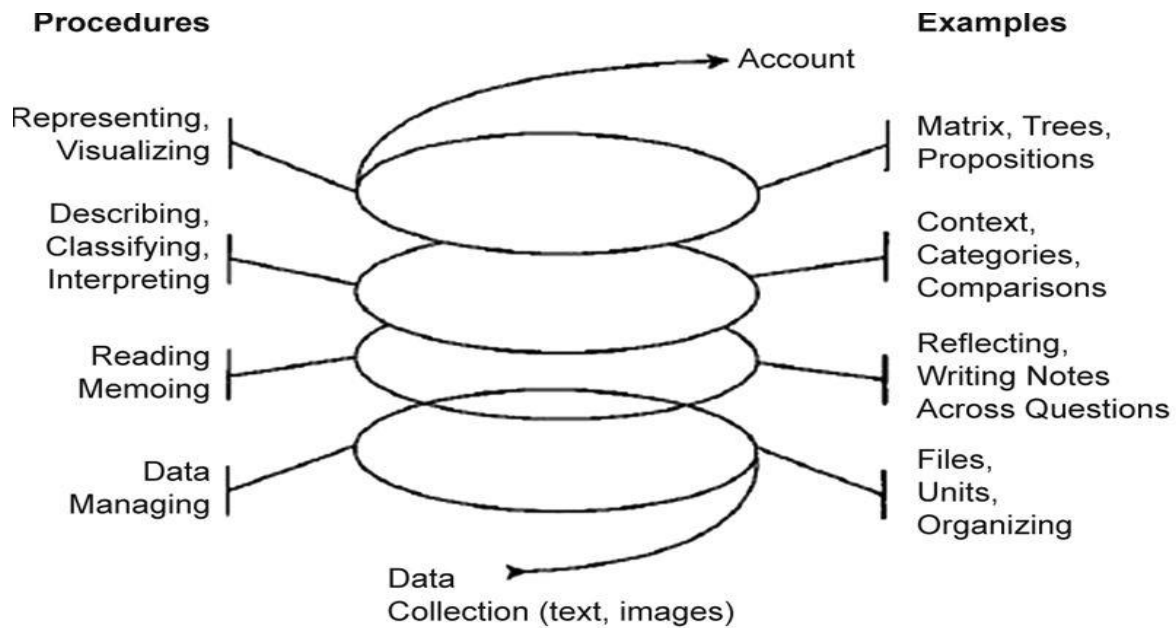


**Figure 4.1: Summary of research focus**

Identifying the units of analysis

The role of AE comes into play very early in this study. During my time as an insider-researcher, and whilst the research was relatively raw, my journaling was building my research question and shaping the project. The unit of analysis being studied was the social organisation, which in this instance was an organisation within the OGI. As an employee, I had a first-hand view of what types of decisions were being made and the implications across the organisation. It frustrated me, and stimulated me to try to understand it, the aim being to try to change things. AE was being used to investigate the corporate DM environment. This was done by observing, interacting and communicating as an insider-researcher over time. This supported my first research aim which was to explore corporate decision making during key strategic events for operators within the OGI. The key areas of focus that emerged were inspired by figure 4.3. This was the seed for the interview questions during the case-study.





**Source:** Creswell (2007)

Figure 4.2: Creswell's (2007) data analysis spiral.

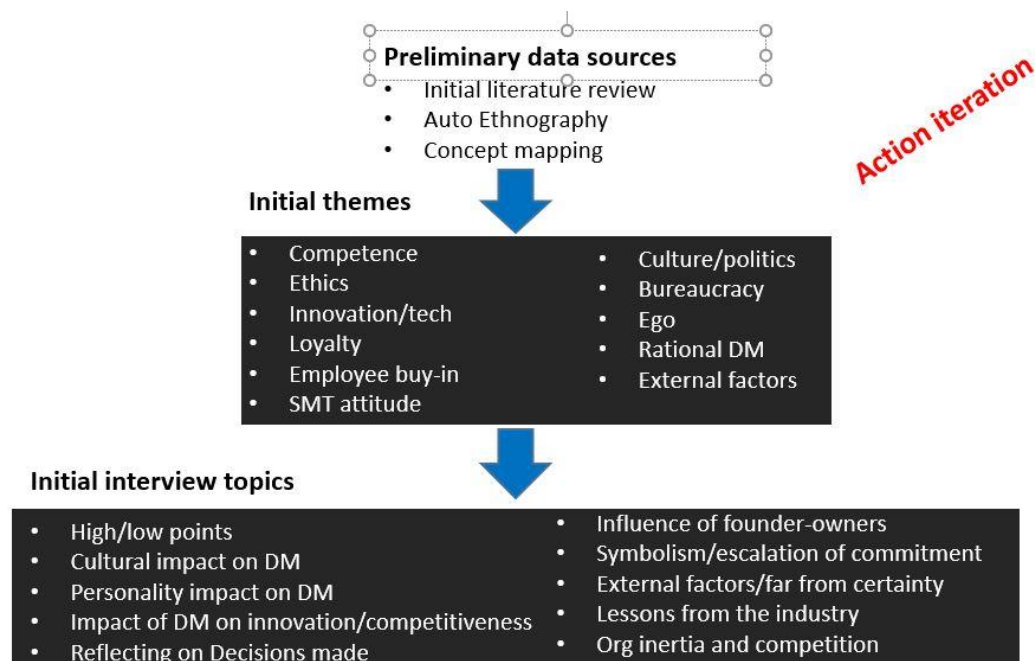


Figure 4.3: Data analysis – stage 1

The unit of analysis was the people, or more specifically, the SMT's. Being able to speak to the SMT's in two very different organisations gave me a broad perspective and supported my early assumptions around the issues of DM within the OGI. What this gave me was a means to achieve my second aim, of discovering the thinking around decisions, the assumptions made and their influences at the SMT level.

Of course, all of this was done under the banner of AR. This is no more evident in the use of AE, whereby the initial assumptions were verified through my first action iteration during my time in company A, as I attempted to influence management to consider an employee development option, only to be hit with resistance at different levels. This gave me sufficient evidence to carry on looking at the motivations and influences of SMT's, and highlighted to others a major flaw in the culture within the organisation. The second iteration followed on from this.

### **4.3 Short presentation of each company**

Having laid out the thinking behind the data analysis approach, and the areas of focus, we move into the case study. Company A is a publicly listed company, having been created via a merger of equals in 2011. Both individual companies complimented each other and the synergies were obvious. It was an exciting time for both the merged entity and the industry as this was the biggest consolidation of its kind. Both companies led the way and had always been an example to others in ground-breaking endeavours, both innovatively and technologically, and this was expected to be a huge success.

As the months wore on, it became evident that there were serious issues within the company. Some of which were outside of the control of SMT, others not so much. Sudden pressures in key markets whereby new regulation was being introduced (Williams et al, 2012) and retrospective taxes applied (gamingintelligence, 2015) meant significant resources needed to be allocated to maintain their foothold as a licensed entity in these important jurisdictions.

This was suddenly overshadowing the post-merger integration that the company had planned to be focused on as a priority. The merger of two huge gaming platforms as well as rebuilding departments, management teams and all other intricacies associated with a multi-billion-dollar merger meant it was a daunting challenge in a difficult period.

After several years of poor results and increased media scrutiny and public attacks by competitors, the wheels were starting to come off. The share price was instable and new products were either too late to market or massively flawed, damaging the reputation of the brand. Morale was low amongst employees after several waves of

redundancies. The Board then announced it was seeking a buyer. A buyer was found, and the sale was subsequently concluded at the start of the year.

Based on this, the three strategic events focused on in company A are:

- 1) Post-Merger Integration,
- 2) Regulation and the changing market, and
- 3) The build up to the sale.

Company B has been a household name in the UK for decades as a traditional, high-street bookmaker. A family owned and run business, they were one of the first to see the potential and move into the telephone and then online betting sector. They were one of the industry leaders due to early embracement of the internet and had a strong team in place to drive things forward.

As the industry grew more competitive the need for more investment became apparent to allow the business to grow, remain innovative and develop its technology to remain competitive. The family stopped providing additional funding and after a lot of in-family arguing over how the business should be run, it was decided to get a more professional management team in and the family would step back. Shortly after this, a new regulatory tax was introduced into their main market, immediately stripping 15% off revenues. This was a massive blow and a period of restructuring ensued.

Against the odds, the company had a record couple of years in terms of profits. This subsequently caught the attention of a competitor who, being aware of the family's openness to selling, made a deal to buy the business.

Based on this, the three strategic events that we will focus on in company B are:

- 1) Increased technology and competition.
- 2) Change of management from owner-led to professional management team.
- 3) Introduction of Point of Consumption tax in their main market.

#### **4.4 Introducing the participants**

All participants held senior managerial positions in the company. Their names have been changed to maintain anonymity. This included Mervin, the Chief Finance Officer, who had been in the industry at that level for over 10 years. Andy, the Tax Director, has been in the industry for the same length of time, with a background working for reputable firms such as Deloitte and Ernst Young. The Company Secretary,

Roger, was also an online gambling veteran, with significant experience. From Human Resources ("HR"), I interviewed the HR director, Janet, who although only in the industry four years, had extensive experience in post-merger integrations and was employed specifically for this purpose. This made up the participants of the SMT for Company A.

Similarly, participants from Company B were senior managers. Their names have been changed to maintain anonymity. They included Barry, Head of Marketing & Operations. He had worked himself up from customer service to now co-run the business and had vast experience and knowledge of both the company and the industry. The CEO, Dirk, is not heavily experienced in the OGI but has vast experience in fast-paced, regulated industries and a hugely successful background. Ken was the Head of Trading, the top bookmaker, who alongside Barry, developed through the online business from its early days. Their HR manager is Desiré, another long-serving employee who has seen all the changes over the years within the company.

#### **4.5 Personal contribution**

In this chapter, my own input will be included based on my time working in Company A. As I was never employed in Company B, I cannot offer personal experiences aside from my observations during the interviews. This approach was taken as it helps to give an idea of the difference in the level of quality of data and the narrative one may offer as an insider and raise any potential biases that my input may have.

#### **4.6 Additional resources**

Media articles will be referred to as well as annual financial reports throughout the chapter, where applicable.

#### **4.7 Company A**

##### **4.7.1 Key Event 1: Post Merger Integration**

Two industry heavyweights merged in early 2011. It was an exciting time for both parties and the industry as a merger of this size was new for everyone and people wanted to see how it would fare.

There was a wealth of talented management that needed to be placed in the new structure and the company was keen to make space for them. Further down the

chain it was a matter of plugging employees into pre-defined roles. It seemed a tense yet jovial atmosphere.

ANDY: There was a big effort to ensure fair representation in all areas. Both side already had diverse cultures and wasn't a problem. These people blame their failings on culture.

MERVIN: Sure, there were some cultural issues. The Austrians were process driven and we were goal driven.

Company Secretary, Roger, called the cultural integration "a car crash at the time," but believes it is now working smoothly.

Janet, HR Director, recalls it quite differently. "There were huge cultural issues. It was hard trying to bring various cultures together and we failed. We still cannot do it! "

She believes that the lack of visibility of the SMT post-merger and the wave of redundancies within the old head office was a major issue for the failure to merge culturally.

MERVIN: There were some compromises made that may not have been in the groups best interest.

This appears to be a polite version of what Janet believes was: "the wrong people in the wrong jobs, a mistake in allocating roles. People were being too accommodating, and this enabled bad project idea squeeze through."

"There were weaknesses," says Andy. "We didn't deal effectively with them, but nobody wanted to upset the other," says Roger.

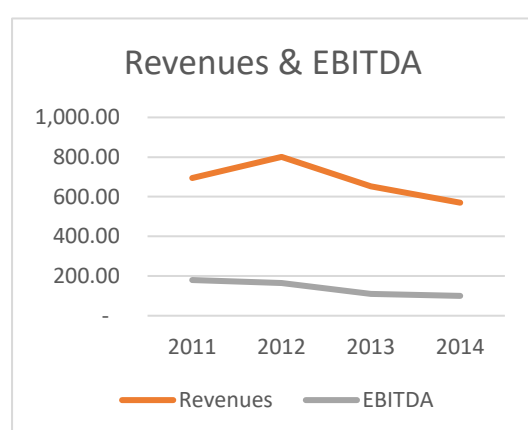
This sentiment was captured in a magazine feature on the company, stating "*restructuring like this needed sensitivity and ruthlessness.*" None of which were evident from the outset.

MERVIN: We had to switch resources immediately from the integration to dealing with sudden regulation. We suffered on our platform migration and in developing our mobile product, both of which were top priorities and put us on the back foot in all markets.

ANDY: Both sides were behind in terms of technology and were not that efficient pre-merger.

JANET: If we look back now, the platform merger took 3 years. This, together with widespread regulation created a merger hangover that we just couldn't get over.

*"Merger happened at the wrong time."* Media analysts suggested that the two entities were not successful in generating the synergies promised in the prospectus, for various reasons. Whilst the SMT boasted surpassing forecasted figures, it was subsequently shown that cost cuts were due to a significant reduction in marketing spend rather than the effects of synergies. It wasn't the success people had hoped for.



The first year after merging, revenues increased at a group level by nearly 20%. Every year subsequent revenues have decreased at a cumulative rate of 30% (see table 4.4). Their share price has constantly been in decline also, and this is what prompted the public announcement that a buyer was being sought, per media reports.

**Figure 4.4 – Company A performance (£millions – figures rescaled to maintain anonymity)**

From a personal perspective, I saw huge potential after joining the company and was constantly offering advice and suggestions to my line manager for improvements. But these were often ignored. In one instance, my suggestion was totally ignored and an alternative approach that made no sense was taken, which backfired dramatically and meant we all had six months of tidy-up work to do because of it. This to me was my line manager stamping his authority rather than encouraging input and taking on board my experience and knowledge. It was middle-management on the defensive. The repercussions were longer hours in fixing the mess he had created yet no questions as to why this route was taken in the first place by his superiors.

It appeared that there was not a team ethic in my group or neighbouring groups and just doing enough was sufficient. There was no encouragement to improve or contribute above and beyond your remit and on several occasions my work was criticised and overruled by non-finance people who just happened to be in a higher position, yet my line manager didn't offer any support.

There was significant institutional drift (Redmond, 2005) in that the bureaucratic levels were becoming distanced and the departments at each level weren't communicating properly and in fact, actively hindering one another. There was no realignment to the changes across departments. Even within departments there was tension and a lack of guidance and respect. HR didn't do enough early on to ensure teams were working together and ensuring management were up to the task. My colleagues and myself felt abandoned by HR and the SMT who seemed to have left the dogs to do the whistling as well as the rustling. For me, once this deterioration had set in, it was going to be difficult to move out of. Middle management were neither of strong leadership quality nor had the skills to drive this business forward, and I felt this impacted us hard.

#### **4.7.2 Key Event 2: Regulation and the changing market**

Over the last few years, EU member states have had a review of their gambling legislation and in many instances found that not enough was done to protect players and monitor cross border transactions in this regard (Eur-Lex, 2012). Although within the EU common market, individual member states started to draft up their own enhanced regulations, which involved specific licenses for their country (Euractiv.com, 2013), taxes to be paid at POC (GBGC, 2013) and a physical presence in the country of transaction. This was also followed by a retrospective tax (gamingintelligence, 2015) that was totally unexpected and stealth in its implementation. Despite this potentially being contrary to EU freedom of trade, failure to comply on all fronts in the meantime meant operating in that specific country illegal and can lead to sanctions in that country (Euractiv.com, 2013). Companies wanting to operate legitimately in these specific markets simply had to comply, despite the cost, or else disappear.

MERVIN: Of course, we foresaw regulation, both of us as pre-merged entities. We knew it would be costly and needed scale to keep our voice so this was the catalyst for the merger. The regulation is overkill and costly but risky if we don't comply. Each EU country is different, which is nonsense as we are in the EU. But being licensed in regulated markets adds value as regulated earnings trade on a higher multiple.

Being a PLC means it's harder to jump into grey markets. And for us, regulation started to hit immediately after the merger, and so we had to create a platform

for each regulated market. This meant resources were pulled from teams and innovation suffered. This, together with sudden retrospective taxes in some countries hit us hard, and we needed to stay on track to meet or synergy targets.

Diversity used to be an advantage in this industry. We had 5 verticals in many countries. But now it's costly and riskier and many are focusing on one or two markets only, as it's cheaper. This was evident in the wake of regulation and our diverse geographical footprint meant we suffered in many areas.

ANDY: Regulation is all about tax revenues. They have all regulated the same thing. There's no innovation there. The question we need to ask is if you are not able to make money in nationally regulated markets, what business are you really in? You're not in business at all.

ROGER: You need to be seen to be playing ball, despite many EU countries contravening EU law. Yet you need to be legitimate in these markets as a PLC. The EU has made a mess. Countries do what they want and make it far more difficult to operate. With state lotteries protecting monopolistic positions and regulators not fully understanding the online industry, it has stifled the companies in Europe. We will soon see US companies get to grips with the technology and start to dominate the European market. In the end, it's all about tax, and as a listed entity you need to focus on regulated markets, and this is where countries are doing what they like to generate tax revenues.

The market is changing. Operators are being pushed out of markets as taxes are too high. Either that or they operate unregulated.

ANDY: Tougher competition on price, lower cost base is the future for operators. The glory days are over! Who are the power-houses in the industry now, the technology companies? Several operators rent their platform off the one provider. They are the major player, not the operators.

ROGER: Your technology defines how you are offering your product to customers. It's your competitive advantage.

From another viewpoint, the SMT have not been able to adapt to such change in the industry.



Andy believes it was "very poor decision making re-entering some regulated markets. The same mistakes were being made. Despite what the CFO says, no real CBA (Cost Benefit Analysis) was carried out, no revenue projections. The US market didn't exist, yet we were willing to invest up to \$250m into it. The reason for this is that both sides of the merger came from cultures where they never had to be careful with their money."

ROGER: It was an emotional decision to go back into the US market. We had no control over the outcome because it didn't open up (regulation). If it does, we'd be in a good position.

MERVIN: We saw potential in the US and did the work to show it was a material business opportunity, and the major shareholders agreed.

One activist investor stated in the media that the company had a strategy that lacks understanding. This activist believed that the SMT had been "*pursuing a strategy without understanding either specific product concerns or the long-term consequences of such a strategy.*"

There was a lot of criticism in the media about the company pulling out of 25 different markets at once based on their shift in strategy towards regulated markets. Whilst ethically and legally justified, experts criticised the lack of incentive to help drive these countries towards regulation as well as the loss of cash flow that could've been re-invested in these regulated markets.

For me, upon reflection, I felt that SMT had a short-term focus. I always felt there was no incentive to build something sustainable and a lot of inertia starting to set in. There was a tendency to ignore the obvious. I often wondered whether the SMT got lost in the whole thing: the changing industry and no visible leaders making big decisions and pointing us in the direction they wanted us to go. There was nobody championing ideas or plans for the business. There was obviously a great deal of pride at SMT level being associated with such a giant in the industry, but I felt that pride and saving-face was more important to them than taking unpopular decisions or risking being judged on their decisions by their peers. This for me was a major issue we had with falling behind the competitors and losing our way when national regulation arrived.

### 4.7.3 Key Event 3: Build up to Sale

The board decided over a year before the sale of the company that they would actively look for a buyer. The official reason being that “*the industry needs more consolidation.*” Media reports were not as kind, stating the Board “*turned their back on what they intended to do.*” Other reports highlighted the attractive technology platform and strong brands as key assets worth acquiring. Either way, the Board had come to a stage where they believed a sale was necessary to take the company forward. The participants had mixed opinions on what drove the decision to sell and gave interesting insight into the role the SMT and board played in the circumstances that led to the sale.

MERVIN: It was time for the industry to start consolidating again. The board felt it was a good time and we started looking at the best deal. We had two offers and felt one would be better for safeguarding the employees. Yes, we sold to a potential rogue operator but in the end, it came down to was it good for the shareholders – yes it was. Am I happy to take the risk, yes!

Things at SMT level were always done right. There was always a proper board selection and a right balance of EDs/NEDs. I always insisted on an independent chairman, which shocked some. We had great experience and as a group felt that the industry needed further consolidation. Experience is what they pay for, or “the grey hairs”, who can spot problems that are going to arise and think about the unexpected. Was the merger a failure, absolutely not!

ANDY: The sale is a reaction to the failures of the company and the weakness of its management. It comes down to the SMT not having the calibre to change the business model.

The CFO is not cost focused. He's more for the suits and investors. There's no culture of accountability. The previous chairman was tasked with making a few big decisions about changing things up and he didn't focus on how to get to grips with the problems. He could've gotten rid of the CEO or he could go. In the end he went. His replacement, another high calibre individual, again rather than get to grips with the problem, he sold the business. Wouldn't deal with it, and you ask, “where's the governance to deal with these problems?” What have we learned?”

Across the board, very poor quality of senior people, both academically and morally. Total absence of moral quality in the industry is a key flaw. They think the usual rules don't apply to them, and maybe they're right. The black market is not black, as there is a channel. The moral ambiguity corrodes everything. What's the role of the Ethics Committee? We merged ours with another Committee because we didn't know how to use it and there were not enough strong characters on the Committee.

We need to ask ourselves, are we doing something good? It's easy to operate in the shadows, to operate in grey, black markets when you don't have a moral compass.

JANET: HR had to force decisions from the SMT. They never sat together until 2015, which is shocking. We in HR witnessed ridiculous decisions, that were knee-jerk and doomed to fail. We failed by not challenging them forcefully enough. We were too nice. In the end it cost us a lot of good people and money. The SMT lost a lot of credibility. This is ultimately down to not having a good management population.

Janet believes it was the fallout from taking three years to merge the platforms. It was, "a culmination of not operating as a team at the top level, the wrong people in the roles and a loss of focus post-merger. The company was starting to turn around but like every decision, they don't wait to see it through to fruition. The merger failed – absolutely failed. And people are fed up being here. Just because our department doesn't make money for the business, there was a feeling of "why should we listen to you". I think now people have started seeing that."

ROGER: People do need to rely to an extent on experience, and this can be good but often harder to step outside of the comfort zone. In Company A, the experience was outdated and people were making wrong gut assumptions. We were too busy focusing on platform migration that we took our eye off the ball, and this was painful. Our technology was disorganised for a long time and we were behind on our mobile offering. We weren't good at prioritising and running multiple projects.

From my own recollection of being in the company, I recall a loss of confidence in the SMT by employees. They had built ivory towers and were not visible, instead leaving things to the middle-managers who were insecure and empire-building themselves. We could all see the money wasted on failed projects and the cycle of poor decisions being repeated over and over again. The real insult was nobody was ever held accountable. Instead they were protected. This further enhanced the belief of a culture of self-preservation (Behrendt, 2015). The ground-floor workers saw this and I believe lost their appetite for success and their belief in the company, instead only staying around until something better came along. An incompetent middle-management team who had free reign exacerbated the sense of dread and gloom that was felt as key talent drained from the business, leaving behind others simply waiting for redundancy.

I always felt that employees were seen as a cost, not an asset. We needed to be corralled and coerced into working. There was such a divide between "us" and "them" at the top that our opinions were never heard as middle-management were not going to help support our ideas, and risk making themselves look bad.

I left the business before the sale proceedings commenced but there had been rumour about a sale for a long time prior to my departure. It was widely believed that the only way to "clean house" was via a sale, and a new and motivated management team come in to save the business.

#### **4.7.4 Summary**

The case study has brought out some of the challenges and attitudes within Company A. What also came out of the interviews was some commentary on ethics in the company and industry that was unexpected.

These unexpected comments around ethics and morals were powerful and with a lot of emotion. The Tax director being able to recognise such a moral deficiency and the drivers of such deficiency suggests that this has been an issue. It also puts the SMT in a slightly new frame when we consider ethical decision-making. This will be considered in depth in the next chapter.

It wasn't difficult to recognise my own biases when researching company A. I always felt that I had some bad deals when I came in as an employee. The first experience was when I signed the contract for a specific role only to find that my role would be

different than agreed. But I believed as things change, so will my role. But it didn't, and I didn't speak up immediately and I felt aggrieved over it.

Some confrontations with middle management over areas I felt we could improve on, also led to me losing a lot of respect for them, as I felt I knew more than them on these areas but was overruled, or outranked. These experiences I took personally and had a part to play in me deciding to seek employment elsewhere. They also may have influenced the approach to the research on Company A, as I was expecting a lot of negative data and feedback from the interviews, based on my own experiences and emotions.

I don't think this has heavily influenced the interview questions nor changed the participants' feedback, but potentially my tone in these interviews may have elements of my own bias against management in the company based on the above reasons. But I believe this hasn't materially influenced the analysis or findings.

## **4.8 Company B**

### **4.8.1 Key Event 1: Increased technology and competition**

Technology has certainly evolved over the last few years (Insidermonkey, 2016) and Company B lost ground by not focusing enough in this area. This was a factor in the company falling behind the competition. If a competitor has a new technology that offers the customer something more, you need to have it also, or else risk losing them, according to Ken. This is extremely costly and means often you are spending just to stand still in terms of market share. We look at the business when it was family-run and when a professional management team was introduced.

DIRK: As we began to operate more professionally, we lost on innovation but had more consistency. We had less staff and higher margins. This, alongside regulations that were very onerous meant that we fell behind on technology.

BARRY: There wasn't enough diligence in place in terms of absence of a management team. Good decisions were followed by bad execution, and we fell behind. I mean, we had plans to build our own platform but it's such an overwhelming task that it doesn't deliver as quickly as you'd want, so a lot was wasted during a critical period of industry growth. We bought a platform in the end instead and outsourced the development team. We are mainly competitive now in terms of our pricing. We're generous with customers.

DESIRÉ: We didn't jump into the online side straight away. The family wanted to see what happened first. They were like that. They never wanted to put a product out that wasn't right. It needed to look its best, was its best and didn't have many faults. At I think that's a reason why we fell behind a little bit.

KEN: We wanted to be profitable but weren't getting into debt over it. This held us back on the tech side. I think we tried to get too big too fast instead of focusing on key areas of the business. The likes of mobile technology: if we had investment for that we would've been at the forefront.

We tried to go into the US and this project went on for 4-5 years but nothing came of it. I think we lost focus on what (markets) we're good at. New technology will keep coming and we needed to keep up. But in the end, you can spend all the cash you want but if you're not offering what people are after than it's a waste of cash. And that's what we got caught (not) doing.

This inability to push out products regularly meant options for customers were limited, but with already limited resources and investment, the company could not risk damaging their relationship with their customers by launching faulty products. They had a loyal customer base and valued their relationship.

DESIRÉ: We managed to remain competitive because of our name. It's a brand we've built and one people trust. We have loyal customers. Initially we had phone betting then the move to online, both of which revolutionised the whole company.

There are too many operators. The customer has too much choice. We stick to the idea of personal contact and people like that. We stay with our values of looking after the customers. Big companies don't care about the customer. They focus on profits.

As the industry becomes more competitive, there has been a lot of consolidation (Thomas, 2015), and it is expected to continue until the market stabilises and there are a few major players, who will hold the

majority of market share.

KEN: The industry is bloated. It needs to scale down. Firms are going to disappear. We realised that we either sell up or get swallowed up.

DIRK: There's a lot of players in our market. It's not the most profitable industry in the world right now. With consolidation, it will mean less choice for the customer.

I see the reason for consolidation in many cases is weakness. I mean, why would you take on a merger as there are huge downsides. Why take the risk, and are you that weak that you cannot continue? Some current mergers make no sense. One in particular reminds me of two drunks leaving a pub, propping each other up.

The major driver of all this is delivery to the (stock) markets. The media are driving this. For me, the industry is now similar to any e-commerce business. It's all about online efficiencies and brand awareness.

The company was sold at the end of last year and the new owners have been happy to let the company run in the same manner, with some minor changes and significant financial investment. The acquiring company's CEO in a recent news report said Company B is one of the most respected online operators in their market. The deal sees the company's rich product offerings come together with the acquirer's financial power and extensive marketing knowledge.

DIRK: Without the same, we would've died in vain.

#### **4.8.2 Key Event 2: Change of management from Owner-led to professional**

Things seemed to be extremely disorganised until a professional management team were brought in to take the reins several years ago. The family-owners had been running the daily operations and whilst they were popular in the company, things needed to be moved in a more professional direction.

DIRK: I wouldn't say it was a mess but there were no procedures or processes in place. I started the process of preparing for a sale from day 1. The business was all over the place. It was targeting markets without any real marketing strategy.

This was the legacy of the family run business, where decisions seemed to be made without proper analysis. But the company was now moving away from this approach.

DIRK: A family company meant you were dependant on what side of the bed they jumped out of. There was only a limited amount of cash as well so

whatever affected their personal life impacted the company also. This is the reality of a family business. Family owners struggle at the level of organisation. Look, there's always people for different times. Entrepreneurs are required in the first phase, without a doubt the most important people in the whole equation.

I felt we needed professionalism in. Proper backup before decisions are made, and proper analysis of the market. Not just gut feel all the time.

The owners appeared to be looking at entering several new markets at once, neither of which made business sense or had any data to support this decision.

DIRK: My view was we could only focus on markets where we could be successful and the top player. Stick with our market then optimise.

A big issue was the lack of funds for investment. The family were not willing to go into debt to grow the business.

DIRK: When I started here everything was day to day, hand to mouth. There was no long-term strategy. We didn't even have a proper business plan.

It seemed that the owners entrepreneurial spirit became a problem (Wasserman, 2012) in trying to organise or grow the company consistently. This was a tell-tale sign things needed to change.

DIRK: We became more organised. Proper plans, proper staff reviews, pay levels, benchmarking. We rely heavily on data now also, where before they tended to be emotional rather than reactive. This was due to having no long-term strategy. Also, before, some people wanted to be close to the owners, and often undermined their managers in doing so. The issue then was that if the owners stepped back in, and staff went over their manager's head and to the owners, they undermined the manager, the process, and then everything falls apart. We had to ensure this didn't happen. It didn't and now we run the company ourselves and they are happy once the cash keeps coming in. I don't even look at the day to day results anymore because I don't have to worry.



There is no doubt the running of the business has improved. Things were going well but it was clear that with the increased competition and taxes, key decisions needed to be made. This was still where the family were involved.

DIRK: It came down to either pump more money in or we have to sell. We had some pretty significant arguments at board level about key decisions, but this was not one of the times. There was a lack of funds. We didn't have cash to finance innovation.

Before it was the wild west and new frontiers so you could get away with gut feel. Now, we rely on data but for some it's hard to turn around and say I don't have to trust my gut anymore. I had to be more efficient, more professional about things. Also, people became emotionally involved in projects so it was hard to just stop them mid-way, despite them being failures.

BARRY: Once we took control we showed we could run the business and made decisions using common sense. Before, some decisions weren't necessarily for the good of the business in our eyes, however, you learn to manage it. We didn't have the resources and we were seeing companies with deep pockets putting pressure on acquisition in the industry. So there was pressure over our survival. We've been very, very canny.

The key was being agile. Having a small decision-making engine allowed us significant deal of agility. If something wasn't working, we could deal with it there and then. We made decisions like the company was our own. Over time, this meant the decision-making process became straight forward from our point of view.

Of course, there was dialogue with the board but generally we were left to make the decisions and run the business. But early on we realised we were not able to be getting into trying millions of different things, hoping some of them would work. It had always been year to year and because the family would never get into debt to fund the business we had to closely monitor cash flow and be clever. We changed the approach and decided to work really hard internally on the core things.

The truth is we've been punching above our weight in terms of the market. We are one of the smallest in the industry in terms of infrastructure. But this worked

out well as the new buyers saw that we were an operationally small team and a tight ship.

KEN: the family were good to work with and friendly with everyone. They made it a real family office. But we needed a professional management team because the business wasn't being looked after in the right way. Everything went through one family member. He was doing everything himself and it was becoming a right mess.

The SMT came in and allowed other areas to develop and put the right systems in place. For example, before, you wouldn't need to go to your manager if you had an issue. You would go direct to the family to get things done. It was easy to go over people's heads. This changed with the SMT and caused a lot of friction.

Upon reflection, whilst the family were approachable with ideas once you did the homework, there was a lot of stuff we started but didn't follow through on that could've been done. We just didn't have the experience in those areas. SMT look to make informed decisions rather than gut instinct and see things through. The SMT have certainly proved they have made the right moves.

DESIRÉ: The family always said they'd do the best for their staff as a lot of us had been here a long time. When the owners stepped back and let the management team take over, they made us more professional. There's a lot more structure to the place. Things have become fair and consistent, which we hadn't seen before. The old attitude was 'we've always done it this way so why change it.' As the company evolved under the new management team the attitude changed to 'let's stop and have a look at this properly.'

This is due partly to the management team having different yet complimentary characteristics and I think they just listen to the people. How they interact with the staff makes a big difference. In larger organisations, people's opinions don't often get heard.

Based on the above, bringing in the management team was a good decision for the business and the changes that were made by the team were hugely beneficial, particularly when we consider the financial limitations in place.

#### **4.8.3. Key Event 3: Introduction of Point of Consumption tax**

Point of Consumption ("POC") tax was introduced into the UK recently (GBGC, 2013). This means that consumers now pay tax on where e-services are consumed as opposed to where they are purchased, as was previously the case. The aim being to keep a portion of the consumer spend in the country of residence as opposed to completely leaving the country. This 15% tax has had huge implications for the OGI, as it's a direct cost on revenue and cannot be avoided if operators want to stay in the UK market. This, alongside additional regulatory costs have had the industry tightening its belt and looking for ways to remain profitable and competitive.

DIRK: We anticipated POC 2 years in advance and decided we needed to optimise the company. It was going to be a significant hit. We decided to get the key leaders in the business together and get on board with our strategy. We took staff from 260 to 150. The mood of the staff and the shareholders were affected. On one side, we didn't lose any of the people we didn't want to lose and POC led the owners to believe it was time to sell the company. It was a major decision. Sometimes when you have a gun to your head you start making decisions you probably should've been making before anyway. We were forced to become more efficient and we did. We became leaner, but this made us veer away from innovation.

BARRY: We didn't have the resources of a PLC, so we needed to look at ways to improve efficiencies to survive. We have a very staff-centric ethos and tough decisions had to be made in terms of headcount. It was a scary moment, a lot of pressure of cash, people were nervous. We managed to rally the troops. We all had to work harder. We looked at costs we were cutting and decided it was enough to sustain the business, as we wanted to remain profitable despite this POC. We were relatively confident with our decisions and these decisions proved to be correct. We see its working. We're actually over budget! You could say that POC was a catalyst to the inevitable. Without POC, it would've been a record year.

KEN: We always traded on quite tight margins to be able to offer the customer the best value in the industry. POC meant we had to tighten even more. This may have meant we are not as competitive as before, but everyone was in the same boat. We actually found we had too many people doing the same

thing and could bring in technology where people weren't needed, which reduced costs.

DESIRÉ: It caused a lot of disruption for people here who were unsure of their future. The CEO came out saying we can survive and people responded. It showed peoples commitment to him. We began to look at ways to work smarter. People took on more responsibilities to fill gaps rather than recruiting. If a senior person left, another senior person stepped in, and other people stepped up, which gave them good responsibilities. People stayed loyal. They like it here.

The family looked at the impact of POC and it certainly influenced their decision to sell.

#### **4.8.4 Summary**

It turned out that the company became leaner because of having to adapt to the POC and were even able to pay out bonuses this year. The acquiring company saw this and obviously liked how things were managed, hence their decision not to change too much post-acquisition. The management team were not afraid to make key decisions and stand by them. Their treatment and respect for their employees was evident in the loyalty shown and willingness to work through this tough period. The offices are now being done up and people seem more relaxed and happy with having played a part in overcoming this issue as a team.

#### **4.9 Conclusion**

Having introduced both Companies A and B, the reader should have a better idea of the type of environment the OGI offers and the challenges and attitudes of SMTs, as well as how they are perceived by colleagues. From these two companies, one publicly listed, one family owned (until recently) we get an idea of the cultures, core values and motivations of each. The next chapter will analyse the data from this chapter and discuss what emerges.

# Chapter 5 - Looking behind the case study: what the decisions tell us.

## 5.1 Introduction

The preceding chapters have set the scene for the OGI and highlighted the challenges faced up to now for SMT's. Together with the cross-case study, I have presented and given real life examples of such challenges.

Preceding chapters have positioned the OGI, and both company A and B, in a zone of complexity. This is due primarily to the stage of evolution of the industry, which is now in the process of scaling up, which we are seeing through large mergers and high-profile acquisitions. Furthermore, with this has come the need to manage significant change, and this is where weaknesses were originally identified in the DM process.

This chapter analyses and extracts patterns and contradictions from both case studies and compares it against relevant literature. The aim being to explore whether there are any commonalities that may influence DM at the SMT level across companies, and considers any supporting literature or literary gaps. These findings are explored further throughout the remainder of this paper.

## 5.2 Data analysis: initial sample

In line with the data collection and analysis approach presented in chapter 3, table 5.1 gives a diagrammatical presentation of the emergent themes the case-study analysis has presented. Unlike traditional grounded theory research, this AR approach adds an additional stage, which I call the preliminary stage, and from here I highlighted eleven initial themes. These themes influenced my research, specifically in shaping the interview questions. The route taken in developing these themes is captured in Appendix 1.

The themes that emerge from the cross-case study are introduced in the next section and discussed in depth.

### 5.3 Emergent themes

There are four key themes that have emerged from the cross-case study, as can be seen from figure 5.1, which is an expansion of figure 4.3 in chapter 4. These are: management competence, management attitude, culture and ethics. These themes initially derived from my own experience in recognising the issues company A had in managing the organisation post-merger and were further validated based on the frequency of reference during the interviews (see table 5.2 for main themes by data source). It is noted that innovation/technology was a common theme through the interviews, but I felt this was not a factor that could be readily influenced by the SMT's and so did not focus on this as a major theme for this research. Based on this, the four abovementioned themes are used as the main point of analysis for both companies. The emergence of these themes into theory are presented in Appendix 2.

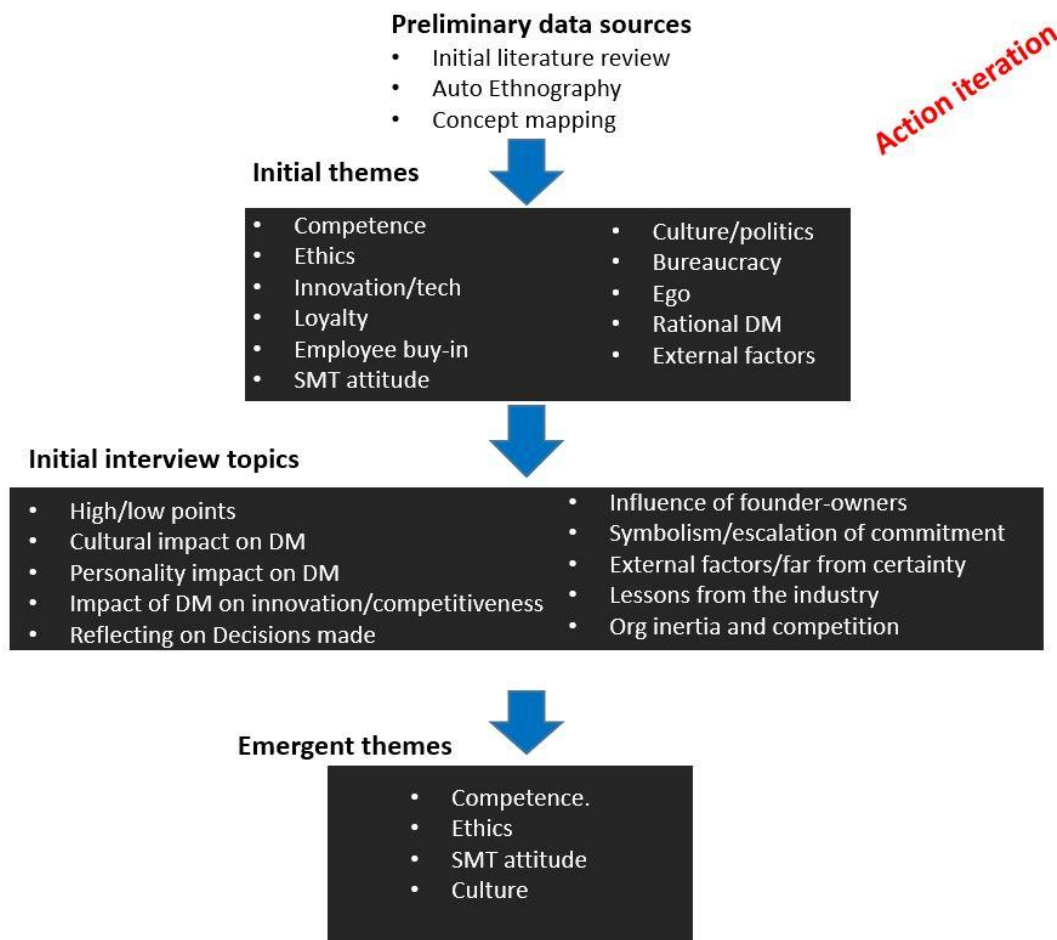


Figure 5.1: Stage 2 of data analysis process

The themes start with management competence, which considers the calibre and abilities of those individuals in the SMT, and as a collective. This allows us to consider what impact competence has on decision making and in dealing with the key features on the OGI, as discussed in the conceptual framework. Secondly, management attitude investigates the approach the SMT take towards their roles, their subordinates and the OGI. This offers an insight into how they perceive themselves and their motivators as SMT members and the impact this has on DM. Thirdly, culture in this study considers the type of culture that the SMT have instilled into the organisation. What features of the organisation can be tied back to the SMT and the implications they have on the business and DM is important in answering the research questions.

Interviewee of SMT	Competence	Ethics/	Culture/	SMT	Innovation	Loyalty	EE buy-in	Bureaucracy	Ego	Rational	External
		Morals	Politics	Attitude	/Tech					DM	forces
Co A SMT 1			✓	✓						✓	✓
Co A SMT 2	✓		✓	✓	✓		✓	✓		✓	✓
Co A SMT 3	✓	✓	✓	✓	✓				✓	✓	✓
Co A SMT 4			✓		✓					✓	
Co B SMT 1	✓			✓	✓	✓				✓	✓
Co B SMT 2	✓	✓	✓	✓	✓	✓	✓				✓
Co B SMT 3	✓			✓	✓	✓	✓			✓	✓
Co B SMT 4	✓			✓	✓	✓				✓	✓
Researcher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Media	✓		✓	✓	✓						

**Table 5.2: Common themes emerging for interviews, my AE observations and media reports**

Finally, each theme is subsequently broken down into assertions. The assertions are key statements that have emerged from the data (See table 5.3). Each assertion will be discussed from both company's perspective. These assertions also allow for a more direct comparison between both companies later in the chapter. These assertions will be looked at to consider the reasons behind each company's shortcomings and successes and to ascertain their relevance to DM. We start by analysing both companies by theme in the next section.

Theme	Assertions from the case study around Company A	Evident in Co. A	Evident in Co. B
Management competence	<ul style="list-style-type: none"> <li>➤ The calibre of the SMT is recognised and reacted to across the company.</li> <li>➤ Strong characters able to make ruthless decisions if needed.</li> <li>➤ A complex industry with significant external factors has made it difficult for the SMT to adapt to the changing environment.</li> <li>➤ A right mix of personalities at SMT level.</li> </ul>	Yes No  Yes No	Yes Yes  No Yes
Management attitude	<ul style="list-style-type: none"> <li>➤ SMT visibility/openness reassures employees and allows them an opinion.</li> <li>➤ Employee empowerment is driven by SMT commitment to the company.</li> <li>➤ Size and complexity becomes a deterrent for open dialogue between the SMT and employees.</li> <li>➤ There is a possible misconception of the industry by those working in the company.</li> <li>➤ Innovation suffering due to focus on enhanced stability.</li> </ul>	No No  Yes  Yes No	Yes Yes  No  Yes Yes
Culture	<ul style="list-style-type: none"> <li>➤ SMT take responsibility and are held accountable.</li> <li>➤ Cultural integration and employee development is a key priority.</li> </ul>	No No	Yes Yes
Ethics	<ul style="list-style-type: none"> <li>➤ SMTs personal values are aligned to corporate values.</li> <li>➤ New SMT members are able to influence corporate ethical positioning.</li> </ul>	Yes No	Yes Yes

**Table 5.3: Summary of themes and assertions in companies' A & B.**

#### 5.4 Theme 1: Management competence

The competence of the SMT has been an ongoing feature of media reports for company A, a highly publicised company since its merger. Many of these reports have been extremely critical and those sentiments were echoed internally also at all levels of the organisation. These assertions give more focus to the discussion around SMT competence and offer more clarity around the implications this has on DM.

**Assertion:** *The calibre of the SMT is recognised and reacted to across the company.*

##### Company A

The board put continuous faith in the SMT based on past success and extensive experience. But as poor return on investment and bad appointments continued, with bonuses getting paid to the SMT regardless of outcome, employees across the organisation started to lose faith. This, together with failing with the post-merger cultural migration and constantly looking to spend their way out of trouble suggests they really struggled to cope.

Furthermore, the vibrancy you would expect from a new and challenging environment was not there and people saw themselves as just another worker with limited opportunity or value, mirroring the SMT's perception of them. To add to this,



public disclosure of the board and SMT's exorbitant remuneration only fuelled the disdain and loss of desire by employees to work for them and this eventually filtered through to their product and service offerings.

Nonetheless, it can be argued that this comes back to the ability of the SMT to manage complexity and change. The pressure from multiple issues may not have been totally beyond their control, given the right team in place originally. In terms of the calibre of the board as well as other members of the SMT, the evidence suggests they didn't do their research before making key strategic decisions, they didn't learn from mistakes and they did not look to reflect on where things went wrong and make the necessary changes in a reasonable timeframe. It was even suggested by one SMT member that the CFO was more for PR than number-crunching and proper analysis. This comes back to the initial post-merger role allocation, which the HR manager pointed out, was a disaster, with unsuitable people in key roles.

#### Company B

Initially, the company was family run, there was no real management team in place. No processes in place, targeting markets with no strategy and a bloated staff cost. As their CEO pointed out, decisions were often based on "what side of the bed they jumped out of". Whilst the family were liked and respected by all in the company, there was no long-term strategy. In a more competitive marketplace, this was going to cause problems. The family were aware of this and put together a professional SMT to look after the business. Some employees struggled to cope with this new formal approach the new SMT implemented but they had to adapt or leave. This helped to separate the informal types from those willing to buy-in and work towards a common goal in a structured manner.

It was a case of moving from an entrepreneurial business to a professional organisation and conflict during change was inevitable. The company kept those they wanted to and formalised all areas, created business plans, had proper employee reviews, became data driven. This more organised model became cost focused, more agile and close-knit. This would not have happened without a high calibre SMT. The employees followed as they believed in the strategy and so did the family, who stepped away, as they fully trusted the SMT. This enhanced confidence in their abilities and created a collaborative culture.

**Assertion:** *Strong characters able to make ruthless decisions if needed.*

#### Company A

Company A struggled to make decisions post-merger and for a long time had two-CEO's, both unwilling to upset the other. This, alongside other failures to address major pending issues, led to groupthink and inertia at SMT level which seriously damaged the organisation. There were no leaders willing to face the tough decisions and act, and the company continued to lose market share because of it.

#### Company B

One of the earliest actions taken by the new SMT was to plan for the arrival of POC tax. They decided the best approach was to align with the owners and get the business sale ready in the eventuality that they were left with that option only. In the meantime, they needed to stabilise the business and cut costs, so a wave of redundancies took place. In hindsight, the CEO believed this was simply good business practice anyway, as they were overstaffed and haemorrhaging money due to lack of productivity. Difficult decisions were made and the SMT stood by them and prevailed.

**Assertion:** *A complex industry with significant external factors has made it difficult for the SMT to adapt to the changing environment.*

#### Company A

Whilst it's easy to point at the failings, it is important to remember that this has been a difficult period for the OGI and this company, as regulation heavily restricted and hindered their progress in many of their core markets. Alongside this, stock market rules, increased media scrutiny and the enhanced competitive environment did not help the SMT in dealing with the post-merger integration, and these all played a part in the decision to sell. Company A, a market leader and plc certainly had more complex issues which meant significantly larger challenges to face.

#### Company B

Company B recognised their limitations and the complexity of their environment and acted by focusing only on one market, moving away from all others. By going back to the basics of good customer service and strong pricing value (odds), they reduced the complexity to a manageable level.

**Assertion:** *A right mix of personalities at SMT level.*

Company A

As Janet from HR stated, there were too many wrong people in wrong positions from the start. Strong suggestions of nepotism in hiring for senior roles so SMT members were ensured support in any decisions to be made. There certainly was not a good mix of personalities, nor competence at SMT level in company A.

Company B

Until only a few years ago, company B was a family run business. They recognised there was an absence of professionalism and a proper SMT was needed to take the business forward. The new SMT came in and decided on their strategy early on: developing the brand and building relationships with their customers, whilst not moving too far away from the core values the family originally built the business on.

The key to their success seemed to be the confidence in their decisions, the flexibility and strength of character around their ability to invoke change and handle disruption under internal (lack of investment) and external (new taxes and increased regulation) pressures. This was based on having long-serving employees mixed with new faces to the OGI who complimented one another yet not afraid to question or critique ideas.

Company B implemented a balance of extensive data analysis mixed with quick decision turn-around time. Of course, the small size of their SMT helped. But having the right personalities in place at SMT level, who's personalities seemed to complement each other yet were not afraid to be critical, helped achieve this.

## **5.5 Theme 2: Management attitude**

**Assertion:** *SMT visibility/openness reassures employees and allows them an opinion.*

Company A

The attitude of the SMT towards the company, their subordinates and the industry was questioned on several occasions during interviews. Whilst the SMT were pointing the finger at colleagues, it was evident there was a level of blame being passed around, ending mainly on the CFO and CEO's door. From my own time in company A, there was certainly no open-door policy or reassurances from the SMT that gave employees confidence or hope for the future.

### Company B

Two of the most evident successes by the SMT in aligning their strategy with alleviating employee's concerns were firstly to communicate publicly their strategy and how it would be done. The second was to have an open-door policy whereby employees had access to SMT members at all times to offer opinion, query or just generally chat. This promoted bond-building across the business and enhanced a mutual trust that was initially waning after the POC introduction. The value of this approach has been seen with extremely low staff turnover numbers and employees that feel valued and respected. The profitable position of the company upon sale reflects this.

**Assertion:** *Employee empowerment is driven by SMT commitment to the company.*

### Company A

The SMT have all been long-serving members and on the face of it, this would suggest are fully committed to the company. But when looking at the remuneration packages and the way they distance themselves from lower tiers of management by creating ivory towers suggests there wasn't a desire to empower employees, instead a wait and see what happens mentality, whilst still being paid handsomely. This was recognised by employees who took a similar approach by doing just the minimal work required.

### Company B

The SMT needed to cut employees and keep the business going and so had to rely on remaining employees to take on more responsibility. This was essential to keep the business going. Fortunately, the employees took on this work and thrived. This stemmed from the SMT being made up of highly respected executives. The value and commitment of the SMT to the business was further evidenced post-sale, when it was decided the same team would run the business how they deemed fit with more funding yet only minor input from the new owners.

In the case of company B, the SMT took on more themselves and empowered others to do the same. They communicated their plan, led by example and it stimulated everyone in the business.

**Assertion:** *Size and complexity becomes a deterrent for open dialogue between the SMT and employees.*

#### Company A

Due to the size and diverse market spread, it had become difficult to manage all aspects of the business and it appears that communication suffered the most. Many of the SMT were located away from the head office and rarely seen or heard from. The lack of visibility demotivated staff who were unsure of what was happening and who was in charge. This was a major concern for HR but they were unable to address it.

But it is questionable whether company A's SMT had any real interest in interacting with their employees. Taking no heed of HR's concerns, a lack of visibility together with constant excuses and failure to deliver had people questioning the commitment of the SMT and eventually losing all credibility from the employee's perspective. This was further exacerbated by a lack of respect from management towards their employees, evidenced in the company sale, the outcome of which cost three departments their jobs, despite SMT previously announcing that they had considered employee wellbeing as a priority in any negotiations. Employees were not deemed important, and this appears partly due to SMT being overwhelmed by the challenges post-merger and focusing resources on driving revenues above all else.

#### Company B

The SMT always had a good relationship with the employees, even when family-run. It was important to keep this culture when the professional SMT came in. The first thing the new SMT did was to reduce complexity, cut costs (which meant redundancies) and became a smaller, tight-knit, agile operation again. They managed the complexity by moving away from it somewhat and took a loss on personnel and revenue, but kept the relationship with the remaining employees strong, as it was deemed key to their success.

**Assertion:** *There is a possible misconception of the industry by those working in the company.*

### Company A

There was a somewhat brazen attitude that suggested the OGI is different from other industries in that it ran under its own rules and was exempt from the codes of good governance that others abide by. An example is the ease at which company A would clearly disregard a country's laws by operate in these illegal markets and justify it by criticising loopholes in the national laws. Whilst this was more common practice in the early days of OGI, regulation has become more sophisticated and SMT's, instead of being transparent and fully compliant, look to drop back into the shadows to find additional revenues, devolving the OGI back to what made it a dubious and worrisome industry originally. This attitude harmed the development of the OGI yet is not unique to company A, with many other operators acting in a similar fashion.

### Company B

The CEO pointed out that the OGI is no different to any other e-commerce business but it's being packaged as something else, and it appears that many within the OGI are buying into that. Prior to his arrival, there was a lot of effort getting into new markets that were not actually there, and this was a sign that companies were not thinking like businesses, but rather just following the competition. In this case moving into non-existent markets, spending aimlessly.

It goes back to the outdated cash cow position the industry once was, in where money could afford to be wasted on long-shot investments. This mindset didn't change with the family running it, but only upon a new face to the OGI came in who restored some logical thinking and a clear frame of the OGI. They cancelled all projects they deemed would be non-profitable, no matter what stage they were at, and went back to focusing on their core market. This makes us consider the impact longevity has on those in the OGI and their influence on DM, and whether they can adapt.

**Assertion:** *Innovation suffering due to focus on enhanced stability.*

### Company A

Innovation suffered due to the sudden enhanced regulation that hit most of company A's markets. Resources were moved from innovation to deal with this issue and they suffered because of this. It was a necessity to remain in regulated markets but did nothing to enhance stability, only add to the complexity of having to cope with

multiple different requirements in many markets, in line with their responsibilities as a PLC.

#### Company B

Company B started running a tight ship. They recognised that there would be a trade-off between innovation and stability and kept their focus on loyalty, to both employees and customers. The new SMT achieved quick buy-in from employees by keeping the family orientated culture yet more professional approach. Their visibility and transparency reassured the employees and allowed them to have a voice and maintain a sufficient level of stability.

### **5.6 Theme 3: Culture**

**Assertion:** *Cultural integration and employee development is a key priority.*

#### Company A

This was a disaster according to several interviewees as the SMT didn't see this as a priority nor did they afford it much time, due partly to other pending issues, such as merging the gaming platforms for economies of scale. During my time in company A, there was little or no opportunity to develop, mainly down to middle management influence, and so employees were left feeling worthless.

One of my earliest experiences in company A was the sense of "us versus them" regarding the two merged entities. It was clear that the cultural integration was going to be a big challenge. This was confirmed by the HR manager, who believed this was not handled properly from the start. They never got to grips with integrating three thousand employees nor having the right personalities in place to help with this transition. Middle management had too much power and not always the calibre nor the character to bring people together and the employees got lost and disillusioned with the situation. The SMT never focused on this issue and it cost them top talent and subsequently, market share. Too many managers with their own agendas created an uncomfortable and static work environment, and employees lost out.

For example, there were lots of resignations and waves of redundancies as SMT tried to restructure on several occasions. Nobody felt secure below middle management level and nothing was done to alleviate these insecurities. It is fair to say that this was a culture of insecurity. This was further stimulated by the SMT's rapid-fire mentality, in

which speed of decision was priority, but execution and quality were not part of the process.

Another example was their strategic shift from quantity to quality in terms of countries they operate in. Their decision left out emerging nations and new markets and so they missed the opportunity to influence the countries' gambling legislation and make a potentially huge position for themselves in these new markets. This showed a lack of interest in evolving the OGI beyond short-term revenue generation.

### Company B

Company B treated customers well and built strong relationships with them. Being able to compete on price as opposed to technology and innovation whilst operating an agile operation added a different type of competitive value. Employees were explained what the strategy was and saw the bigger picture, felt a part of the team and responded positively. 2015 was a record year for the company financially. It's no real surprise that the now new owners have left the management team in place and not changed their approach too much.

Furthermore, company B had loyal employees. They were known for their moderate salaries but still were staff-centric and got more from them. There was a sense of pride in what they had achieved as a team, against the odds possibly. This attitude created a sense of security and many of the company's employees have been there quiet many years. This all stemmed from a wave of redundancies when they had to downsize. This led to pushing people into doing more and taking on greater responsibilities which helped to develop the employees.

The SMT of company B led by being responsible and accountable to the family and they expected the same from the employees. Everyone in the company was in their position on merit and there were always opportunities to improve. Empowering their team sparked a desire for them to show their worth and grow with the company and taking on responsibility in the same vain as the SMT, who had put their faith in them initially.

Company B recognised the importance of employee buy-in as they faced a critical few years for the business. They needed their support and for them to step up and go beyond their roles to do more. The respect they showed and the faith they put in their team reaped rewards. They may have slowed down on the innovation front, but by



challenging employees to be better, they encouraged a culture of hard work and team ethic that genuinely saved the business.

**Assertion:** *SMT take responsibility and are held accountable.*

#### Company A

The SMT in my experience were not held accountable for the poor performance of the business. Instead they pointed to the increased competition, enhanced regulation and so on. Whilst this has been a significant contributor to their struggles, there was nobody willing to stand up and take on the burden of these issues and champion a drive towards stability and a better functioning business.

#### Company B

The decision to focus on stability at the expense of innovation was one that the board and the SMT debated over, with the SMT holding firm. It led to higher margins with fewer employees. But this is one of many open discussions the SMT have with the board and on occasion ends in disagreement but the SMT accept their decision and enact what is decided.

Their decision to have a small decision making “engine” gave them the flexibility to make quicker decisions and assess if something wasn't working. They believed this made DM easier and as they were responsible and accountable for the outcome of their decisions, ensured that common sense and data drove many of these. What this means is that they recognised their role was dependant on making these decisions and executing them and so they embraced it and ensured that they ran a tight ship and treated the company and its employees with respect.

### **5.7 Theme 4: Ethics**

**Assertion:** *SMTs personal values are aligned to corporate values*

#### Company A

It appears that the SMT were very much self-serving and never attempted to drive any type of philosophy or values down the chain. Even when new faces did come in, they quickly followed the norm of not tackling issues or challenging other SMT members. The new chairman was a fine example of not wanting to upset the status quo. It comes back to the concern over the new personnel having to align with the corporate values

as opposed to them looking to change them, and this is an ongoing issue. So, it can be argued that the SMT personal values are indeed aligned, or have fallen in line, with what corporate values are currently in place, as opposed to influencing them. This is not a particularly good thing for company A.

#### Company B

With the family business, the values were always going to be dictated by the family members. In this regard, and due to the smaller size of the operation, it was easier to influence change and the culture of family values was prevalent in the business. This was evidenced with loyal employees and strong relationships across the business.

When the professional SMT took control, they kept these values but the new CEO built on these by promoting a more professional working environment that focused on the customer instead of breaking new markets.

**Assertion:** *New SMT members are able to influence corporate ethical positioning*

#### Company A

It is expected that in a large, static firm like company A, executives come in with their ethics aligned to those of the organisation. Or if not, they are expected to become aligned. There was never a facility to come in and influence the ethical position of the firm and this was again no more evident than when the new chairman came in and the ethics committee was disbanded as they didn't understand its value.

#### Company B

The smaller size of company B seemed to allow for SMT members to have a greater influence on changing culture and ethical views at a corporate level. This wasn't so much of an issue here as the family values had still held firm from and so it was easy for the new SMT to carry on this way.

### **5.8 Cross-case comparison**

We now compare the companies through the specific themes introduced earlier in this chapter, and looks at how the literature ties into, or contradicts these findings.

#### **5.8.1 Management competence**

Klein (2015) believes that intuition, or gut instinct, helps our mind carry out complex pattern recognition to make more natural, quicker decisions. The greater the

experience and knowledge gained, the stronger the intuition (Hayashi, 2001). This seemed to be the belief in company A, where OGI experience was valued over competence in the post-merger role allocation process. In contrast, company B went for quality over OGI experience when appointing their CEO. Whilst he did have a SMT with extensive OGI experience, the CEO himself came in with a fresh and objective viewpoint.

It could be argued that many in company A still agree intuition is what drives innovation (Leonard & Sensiper, 1998). But intuition is driven by tacit knowledge: knowledge picked up over time and not easily explained (Klein, 2015). In smaller start-up businesses, this is acceptable but there comes a stage where there needs to be reasonable skill and prudence (KPMG et al, 2012) in decision making.

Company B moved away from intuitive decision making, towards a data driven approach. They recognised that data led to decisions that negatively impacted their innovativeness. But the upside was that they became a more stable operation because of it.

The SMT's are paid to be the "grey hairs" (experienced officers), but are also paid to make tough strategic choices that are justifiable. With so much competition in the OGI selling the same products and technology quickly replicated, operators need to balance innovation with stability. This requires a level of competence (Gladwell, 2005) at SMT level that company A have so far struggled with whilst company B have been able to manage.

### **5.8.2 Management attitude**

The CEO of company B had a clarity that others in the industry seem to lack, partly because he sees the OGI as any other e-commerce industries, not something unique. The closed vision by many in the OGI may be the cause of some of the attitudes in company A, but it certainly was less of an issue in company B.

It was mentioned by an interviewee that many SMT's in the OGI feel they are operating in a unique industry and normal rules don't apply to them. They had achieved so much success over a short period of time, it's hard for them to adapt. They need to realise that the industry is becoming more controlled, structured and the rules have changed, and so the old-guard need to adapt their attitudes and perception of the industry.

Bazerman & Moore (2008) believe that the first step in being able to identify judgement flaws in decision making is to identify our motivational and emotional influences. It seems from the interviews in company A that motivation is no longer a driver aside from maybe salary retention. There was no push towards challenging their cognitive thinking (Kahneman, 2012) by attempting to adapt their views or approach to the changing environment. Instead they stayed with a system 1 approach and constructed a reasoned interpretation of the situation unfolding around them to justify their inaction. In effect, they couldn't deal with the environment and had no desire to change their way of thinking.

Conversely, company B appeared to be motivated by fear and accountability (Bazerman & Moore, 2008). The SMT realised that the company would struggle if decisive action wasn't taken and many would lose their jobs and a traditional brand name might disappear. They took hard decisions and stood by them, oftentimes openly arguing with the family board to get their way. In particular, the realisation that they would need to sell if no further investment was forthcoming. They feared for the future of their team and this drove them forward.

Emotionally, they had come into a business run by a close family, whom the employees respected and liked. They needed to get the same buy-in and quickly earn that respect and the loyalty and bond built between the SMT, family and the employees really seemed to gel and give strength to their decisions. Recognising motivational and emotional influences reduces bias and works towards making better decisions and company B's SMT seems to be a fine example of this.

Lerner & Koellinger (2000) point out that fearful people become more risk averse and this may explain the reason why the company sacrificed innovation for stability. It was the safer choice and they managed to stabilise in the short-term whilst realising that they would need to sell for long-term survival. Of course, they fell behind the competition without the ability to challenge via innovation nor offer new cutting-edge products but still maintained market share through a focus on customer satisfaction.

Along with fear, accountability stimulates the use of system 2 thinking (Bazerman & Moore, 2008) and we see company B proactively taking control of the situation unfolding around them and strategically realigning themselves to focus on their core strengths; customer value albeit at the expense of innovative expansion. They all

stood up and embraced their positions, not just the SMT, and looked to repay the loyalty the family had shown to them over the years.

### **5.8.3 Culture**

Research has found that people often distort the outcome of failed decisions so that they appear more favourable to avoid having to change their own behaviours (Whyte, 1991). This cognitive distortion, known as escalating commitment, can only be eradicated when people acknowledge their reliance on it (Whyte, 1991). In an environment where people don't communicate decisions nor have a visible process, this distortion will thrive. That is why a culture of communication is important to remove boundaries and avoid the pressure around making the right decision (Mykhanen & Tampere, 2014), as evidenced in company A.

Additionally, company A never got to grips with the complexity of the OGI, the formalities of a PLC setting post-merger, and instead focused on the need for consolidation to cover up their failings. They distorted their failures and used attributable substitution (changing the question instead of answering the original question) (Tversky & Kahneman, 1973) as a subconscious defence tactic. This for company A was the only way they knew to approach such a problem.

If we consider Simon's (1955, 1961, 1972) three boundaries to rational decision making, we recognise the degree of uncertainty and risk was hard to quantify as although the company (A) knew regulation was coming, they didn't foresee it on such a grand scale, nor at such excessive cost. This was exacerbated by their low adaptive capacity (Giezen et al, 2015), and an approach of simply amending the consequences of their failed decisions (single-loop) as opposed to adapting the whole culture (triple-loop) (Giezen et al, 2015). It appears they simply didn't know how to adapt.

Company B, on the other hand, recognised the changing industry and made it work for them. They took control of spend by moving from the family haphazard approach towards investment to a data driven approach, and by only focusing on their core market. They questioned the consequences of previous decisions and created a culture of communicating the objectives of decisions (Mykhanen, 2014).

Furthermore, they practiced and encouraged a culture of taking responsibility which lead to more logical decisions (Bazerman & Moore, 2008) and the consequences of

these decisions were more than satisfactory. It was recognised as a challenge and the SMT worked hard, and the CEO in particular, in new territory for him, seemed to adopt a system 2 approach which over time and experience enhanced his heuristic thinking and made for quicker, yet more justifiable, decisions within the team.

#### **5.8.4 Ethics.**

Both companies had a focus on grey/black markets and saw this as a strategy to drive their business. Whilst company B were forced to bring in an external SMT, who moved them away from these markets and stabilised the business, company A still hid in the shadows and operated in these markets. Their actions were very much aligned to the attitudes of the SMT in the organisation; lack of visibility, little clarity or communication and side-stepping responsibility. Company B, despite their family values, had started along those same lines but regulation meant they had to change their approach and the indirect outcome was a move away from grey/black markets.

### **5.9 Evidence from a practical perspective**

Heuristics are cognitive shortcuts used to simplify decision making (Bazerman & Moore, 2009). What we lose in quality of decision, we gain in time. That's not to say heuristics are necessarily a negative thing as they can lead to more than satisfactory results. But it's important not to rely on them as poor results also occur often. This is because we don't recognise our use of these heuristics and the cognitive bias that creep in. Whilst always relying on logical "system 2" thinking would be ideal, the best we can do is being aware of our own biases.

Table 5.4 gives several examples within company A and B to show that the use of heuristics is common in both and confirms what the literature had argued: in environments of increased complexity, the use of cognitive shortcuts is increasingly common (Lau & Redlawsk, 2001). Table 5.4 and the corresponding discussion adds more practical value to this research for the reader.

One of the earliest findings was that management in both companies were caught up in projects they were hesitant to pull the plug on for face-saving or emotive reasons. Company B did manage to recognise and pull away from this bias (Escalation of commitment) but company A struggled and refused to take the difficult decisions until late. These were not only specific investments, but strategic goals also that were failing.

What is more, both are guilty of changing the question asked to come to an easier solution: attributable substitution. Company A avoided questions about the failings of SMT by stating the OGI needed further consolidation and forced a sale. Company B's issue was become more stable in a highly competitive environment which the CEO interpreted as getting the business in sale-ready shape. Both perceived one question leading to strategic action, despite the initial question being something quite different.

The Hot Hand Fallacy occurs when people believe previous success gives a greater chance of future success. Company A's SMT had this in abundance, as the early exploits in the OGI were fruitful and so they expected the same without having to change their mindset or approach. They tried to spend their way to success. Company B's new owners are keeping faith in the current SMT based on their success at running a tight ship. With the proposed increase in activity and investment for innovation, one may argue that this is evidence of hot hand fallacy, and the owners should be wary of signs of struggle soon.

Additionally, company A have been guilty of several other evident biases in their decision making. Being static when decisions were needed (status quo bias) as opposed to the more dynamic approach by company B, may have stemmed from disagreement at SMT level, but at a strategic level, not replacing weak management or tackling problems head on is evidence of this status quo bias. This ties in with the concept of cognitive overconfidence, in that the CEO and Board refused to doubt or question their decisions and so there was never a reflection or critique period and so no chance was given to learn from mistakes and develop as a team.

Furthermore, the use of the narrative fallacy: dubious explanations to bind facts together, is evident in company A. In a complex industry, we use facts as triggers to make sense of things, but this can recall incorrect experiences or understandings that wrongly influences our impression. Company A was impacted by this during the regulation process, wherein they believed regulation would come in, but in a standard format across their markets. They didn't anticipate how each would differ so much and so underestimated the commitment and cost needed to get to grips with such a task.

Alongside this, the fluency heuristic is a powerful bias in that the more eloquently something is presented, the more validity it will have. We have already seen that the

CFO in company A has a reputation for being a man “for the suits” and is skilled in this area of getting ideas approved with his approach. Company B also have a charismatic CEO who appeared to have a big influence in the family deciding to sell their business. Their charm and charisma can often sell something that is not actually there, or make us miss out other potentially beneficial options.

These examples, although not specifically unique to the OGI, are strong illustrations of heuristics and bias in play in a practical setting and this gives the reader a better idea of what impact these heuristics can have in practice. The drivers of which are discussed in the next section



## Biases around Management Competence

Bias	Author	Description	Co A	Co B
Escalation of commitment	Whyte, 1991	We become so committed that we are afraid to pull the plug, in case it harms our reputation.	Committed to staying to US market, despite the excessive cost and poor returns. Emotional decision.	Numerous tech projects took too long to be shut down. Emotional charged. Family made decisions that made no sense and stuck by them to save face with family members.
Availability heuristic	Bazerman & Moore, 2008	Judging a situation based on similar situations that spring to mind.	Heavily reliant on experience and intuition that are open to influence by this heuristic.	
Prospect theory	LeBoeuf & Shafir, 2003	People value probability of gains higher than that of losses.	Leaving many markets at once that generated revenues and entering a market that didn't even exist at the time.	Saw a sale at a low price as a success, rather than the failure to secure a price closer to the real value.
Focusing illusion	Kahneman, 2006	Tendency to exaggerate the importance of an idea or event.	Saw the US as the saviour for the business, which it wasn't.	POC was major reason for selling but not the only major reason.
Attributable substitution	Tversky & Kahneman, 1974	Changing the question to make it easier to answer.	Focus was never on SMT failings but on the industry consolidating, easier to solve.	Issue was originally become more stable, it turned into getting the business sale-ready.
Status Quo	Anderson, 2003	Doing nothing when change is needed.	Didn't encourage new ideas or look to bring in new faces at SMT level.	
Effort heuristic	Kruger, 2004	The more effort invested in a project, the better it is deemed to be.	Moving away from a diverse market was huge task but was questioned for its logic by media.	Company turnaround deemed success by SMT, but what does the market think? Low sale price suggests it survived, as opposed to outperformed, as SMT believe.
Narrative fallacy	Taleb, 2007	Confusion between the experiencing self and the remembering self.	The SMT experienced many failures but didn't seem to remember their role in these failures.	
Hot Hand Fallacy	Tversky & Kahneman, 1974	Believing previous success gives greater chance of future success.	Overwhelming belief that experience is what SMT are paid for.	New owners kept faith in SMT as they navigated through tough period with few resources. Will they be successful with a lot more resources now?
Confirmation	Kelly & Milkman, 2013	When preferring a particular action, you try to prove it's the best choice.		Saw only the good from their strategy despite company sold at a low price.
Cognitive overconfidence	Nga & Yien, 2013	Refusal to be shaken by doubt.	CFO believed their approach was fine, rejected change.	
Sunk Cost	Henman, 2013	Treating resources already spent as a motivation for further investment.	Committed to staying to US market, despite the excessive cost and poor returns. Not willing to scrap ongoing projects directly after merger.	Spent heavily on building own platform. Ended up getting off the shelf platform. Invested in the US market for 5 years, only for it to fail.

Fluency heuristic	Hertwig, 2008	The more elegantly an idea is communicated, more likely it is to be considered.	CFO seen as a PR person, there to impress the right people and sell ideas.	Family board bought into the need for sale as suggested by CEO. The had nearly record year post POC introduced.
Peak-end Rule	Kahneman, 2012	Focus on event at its end and not in its entirety	CFO deemed merger a success based solely on recent strong results.	Business turnaround deemed a success based on sale - despite small sale price.
Availability cascade	Sunstein, 2007	Media exposure creating biases in people's minds.	Huge media attention and push for consolidation in the industry became a tool for SMT to act.	Huge media attention and push for consolidation in the industry became a tool for SMT to act.
Authority heuristic	Gerber, 2004	Believing opinion of someone solely because they are an authority figure.	Decision to sell as "the OGI was moving towards consolidation" was Chairman's view but not challenged.	CEO Decided early to set business up to be sold. Appeared this wasn't challenged.
Groupthink	Janis, 1973	Groups afraid to challenge common thinking.	Weak board and chairmen didn't sack CEO.	

**Table 5.4: Summary of heuristics and examples from companies' A & B.**

## **5.10 Conclusion**

In summary, this chapter has provided an analysis of the case studies together with other secondary data to reveal what patterns emerged between both companies and the literature, and the underlying source of each. What was found was that a lot of the literature was relevant to both companies in terms of decision making under restrictive or complex environments and acted as a practical guide to where both companies had been relying on various DM techniques. What has also emerged is that the role of ethics in decision making shortcuts is extremely relevant, particularly in morally dubious corporate environments, where one can be easily influenced, thereby subconsciously influencing decision making.

The next chapter carries these themes and emergent theory (findings) forward and looks at company C to verify or contradict the findings in this chapter and in finding out what happens when action is taken in practice to help further understand the drivers of decision making.

# Chapter 6- Introducing Company C

## 6.1 Introduction

Now that we have analysed the cross-case synthesis and highlighted some commonalities between the two companies under investigation, we now present the findings from the research carried during my time employed in company C. The data is taken from my own observations, action research and journals whilst employed there.

This chapter will focus on three strategic events in the company. These events were all internally generated as opposed to external events as with the cross-case study. The reason being the company is relatively new and impactful events are more internally created at this stage than external. What's interesting about each event here is that no clear and specific decisions were made around each but rather they were an output of actions and attitudes by the SMT. However, I believe that discussion around these events will help the reader understand company C, my experience, the events that unfolded and how my findings from the research to date impacted my actions in company C are still relevant and comparable.

The case study produced some initial findings which are highly relevant to this chapter and should be in the readers' line of thought throughout as I will compare these findings to the AR that was carried out in company C. I ask that the themes of management competence, attitude, ethics and culture be considered through this chapter to enable more clarity during the comparison section towards the end.

We start by introducing company C, followed by the three strategic events under study, which are 1) Forcing out the co-owner, 2) introduction of experienced and battle-hardened SMT members and 3) a new aggressive approach by SMT.

The subsequent sections discuss each in terms of the event itself, the DM and implications and the findings from my action, and experience around each. This is followed by a comparison to the case study findings, before concluding.

## 6.2 Who is Company C

Company C is a recent start-up and a disruptive force that found a niche in the OGI. Founded and run by a couple of young entrepreneurs, it seemed to have everything

in place to become a market leader. Currently, with over 150 employees and annual revenue of close to €100m, it has been a huge success so far and continues to thrive.

I came in to help stabilise and build up what was initially a neglected finance function. My finance qualifications and background in the industry together with a passion for such an innovative and entrepreneurial culture made the company and myself a good match. Having had good exposure to the impact of SMT decisions from my time in company A, together with research up till that time, I felt there was a great opportunity for me to take my assumptions around DM in the OGI and try to positively influence it in company C. My aim here was to provide the owners with timely, accurate and relevant data together with my own opinion to complement their own expertise in helping with the DM process.

Personally, company C offered a great opportunity for me to progress in my career. The chance to be involved in more senior level decisions and strategic planning, interested me. I was told there was a huge amount of work to get through and the pace would be frantic, and I relished the challenge. To me, this was a chance to really push myself to the next level of my career.

My first challenge was dealing with the areas of rapid growth and reviewing the outdated group structures. There was no real handle on cash-flows, costs nor return on marketing spend. Key areas of the business that were not only poorly monitored but not even recognised as issues prior to my arrival. These areas are where the seed of major strategic decisions would derive from over time and they needed to be systematically monitored and controlled. This was my first focus of attention and a major challenge throughout my time in the company.

One of the most concerning issues within the organisation was its politics. There were a lot of cliques and employees either fell into one group or another, or lay in the mire and become isolated. I was automatically seen as loyal to one of the co-owners so I was already facing resistance from other areas of the business, despite my preference to remain apolitical. In contrast, colleagues in my department were playing the political game well and seemed to always do the right things at the right time for the right people, and had become pivotal figures in the company because of it.

The company continued to be dynamic and the work non-stop. People were doing 60 plus hour weeks because they wanted to. They had bought into the culture and loved the challenge of being involved in this success story. I was no different.

### **6.3 Strategic event 1: Forcing out the co-owner**

#### **6.3.1 The event**

The co-owner and acting CFO had decided to step away from actively working in the company. It was a shock to everyone and there was a period of uncertainty about who would come in as a replacement, and what would happen to the company going forward. The reason being was that this co-owner was a very amiable character who epitomised the spirit of the company and everything it stood for. He was passionate, hard-working and ambitious. He knew everyone by their first name and was highly visible, a real likeable character. Unfortunately, there were various parties that didn't get on with him and were more familiar with the other owner, and this created friction for the departments under his remit.

#### **6.3.2 Action and implications**

What was subsequently discovered was that there was an ongoing conflict between the two owners and the majority owner had pushed out the CFO/co-owner through various sharp practices, such as public put-downs and constant criticism of the departments under his remit.

Prior to his stepping away from active duty, he was blocked from accessing his work emails and was not allowed enter the building. We were also told not to give him any information on the state of the business, despite him still being a shareholder. This eventually led to him selling his shareholding to the co-owner and walking away completely.

The importance of the now departed co-owner in terms of promoting a culture of passion and communication had a huge impact on the business culture. He encouraged buy-in from employees and gave their roles a real sense of purpose, all of which changed for the worse upon his departure.

Furthermore, the cult of personality at senior management level as a driver of culture within the OGI was also something I recognised from the CEO in Company A but didn't expect would have such an impact in company C. The remaining owners'

willingness to let egos form into cliques and subsequently drive out the engaging and well-loved minority co-owner for a more formal and bureaucratic replacement suggests that there was an envious need for some of the limelight and rapport that the old owner garnered. This turned a lot of long-standing employees against him with many departing.

Additionally, the departed co-owners' replacement came in with a highly bureaucratic approach and this unsettled many and took a lot of the passion for the job away. Whilst being of suitable calibre from a qualification and experience point of view, he appeared to be a bad fit culturally and personality-wise. He approached the business and OGI as a vice industry and with little regard for it. His decisions were, in my own experience, not in the interest of building a business, but rather as quick wins, and short-term returns. Additionally, he expected that people work just as hard as before but now as simply employees as opposed to co-creators of something special.

### **6.3.3 Experience as an Insider action researcher**

From the start, I was working closely with this co-owner daily. He was extremely knowledgeable and an excellent negotiator. I knew I could learn a lot from him and his passion enhanced my desire to succeed in this business. An example was when I finally managed to set up and operate a smooth treasury function and amend the group structure for tax efficiencies and tackled the major hurdle of implementing new software to aid spend monitoring. This had been greeted with positivity from the original CFO/co-owner who encouraged me to drive it forward as he saw the benefits it would bring for the business. But things subsequently became more complicated with the new CFO's arrival.

## **6.4 Strategic event 2: Introduction of experienced and battle-hardened SMT members**

### **6.4.1 The event**

An increase in the SMT numbers meant that there were now six members. The new faces had been brought in from other companies in the OGI to add knowledge and experience to this growing business. This aligned with the arrival of the new CFO was greeted positively initially. This decision to bring in such experience was seen as a great coup for the company. With their arrival came a wave of new personnel who these SMT members knew and trusted. They had the same cultural background as the SMT

and shared the same successes and failures and so were ideal people to continue to work with.

#### **6.4.2 Action and implications**

The implications of which were a change in attitude towards both employees and the markets, as these new, hardened SMT members had been nurtured to focus on certain ways of doing things and this was spread across the business through their loyal subordinates. This was quickly evident in their limited vision on market penetration, where they saw excessive spend as the best approach, whilst longer serving members of the company disagreed but were overruled based on seniority.

It was evident that these experienced SMT members now wielded significant influence and started moulding the company into a traditional gaming company model and mentality, believing this was the optimal approach. What this led to was unhappy employees and a cultural imbalance, where new employees and older employees had different ideas about the company and what it stood for. Things were going to change and the message was you either changed mindset or changed your job. There was no room for compromise.

#### **6.4.3 Experience as an Insider action researcher**

The arrival of the new CFO signalled an opportunity to really develop the department. He was initially keen and open to ideas and seemed to value my input and contribution from the start. He was made aware of challenges faced in the department and seemed happy to sit back and let me complete the more challenging issues alone. I didn't appreciate the lack of hands-on support but accepted it.

Only two months into the CFO's tenure and things started to change. I noticed that his attitude towards me had deteriorated. I was being left out of meetings and discussions that I would normally had been involved in. Previously there was an open-door policy with the SMT and nothing was off the table for discussion. My input was encouraged, appreciated and respected. This was no longer something they encouraged, and this was clearly communicated.

It seemed that upon commencement the CFO was quickly thrust in with the full SMT and his inexperience around the OGI meant he was heavily influenced in his



approach towards those under his remit and his bureaucratic style only enhanced the unbalancing of the once open, dynamic and personable culture.

For me, my aim of having key controls in place to aid the SMT in having access to accurate data was now being derailed by blocked information and closed doors. I wanted to drive forward yet was constantly hit with added complexities and hurdles I saw as unnecessary. When I asked for support and resources to ensure these projects would be implemented correctly from the start I was refused. I couldn't find the logic and started to lose motivation. It seemed that the CFO was moving away from what a logical financial person would do and towards a short-term, revenue focused mentality, much in line with the prevailing mentality in the OGI. These were quite like experiences I had in company A and I recognised the realignment of power to the central group, as opposed to what was once a more delegated approach.

### **6.5 Strategic event 3: A new aggressive approach by SMT**

#### **6.5.1 The event**

The company started to push into new markets and quickly had become the market leader in its niche area. But it continued to increase its product offering and started to move into markets previously not seen as an option. These grey markets, that were once not on the company's radar, were now seen as open ground for the taking. This is despite the legal and regulatory issues around them.

#### **6.5.2 Action and implications**

The willingness of the SMT to move into "grey" markets suggests a greater tolerance to operating in an unethical fashion. Whilst this wasn't something they would've wanted to pursue in the past, they were now actively operating in these types of markets, and putting systems in place to avoid getting shut down or blocked from online activity in these countries. This gives a good example of how the direction of the SMT has changed.

This willingness to operate in these grey areas suggests a drop in the moral standards at SMT level. Whether this is due to the influence of the SMT, or the unwavering desire for growth at all costs, it's not conclusive. But their business model as a family-focused "soft" social game, and not seen so much as "hard" gambling, was now gone. Soft gambling being more social games such as bingo and lottery or games not recognised with mainstream casino or poker-based gambling ("hard"). A reputation

as a company pushing hard gambling in countries where betting is illegal spreads quickly and tarnishes their reputation with the softer customers, and they may lose what makes them unique.

What is more, there's no doubt there's strong characters with a good calibre to make decisions at the SMT level. But their attitudes have somewhat changed, and this has been noticed in diminished employee commitment. Some poor treatment of respected employees and tougher targets have people questioning the logic and the company has started to get a poor reputation as a hard employer. This again is down to the attitude of the SMT and the culture that is being promoted, and both are areas that need to be addressed.

### **6.5.3 Experience as an Insider action researcher**

What was once a challenging environment become a stressful one. I was starting to lose the passion for the company I had once been enamoured with. I felt a sense of deception and plotting and I didn't like it. Alongside this, witnessing some other staff being treated poorly, fired without warning and several sexual harassment accusations against senior management added to my frustrations and made me question what was going on and what kind of culture we were trying to promote. Having been in a pivotal role early on and able to shape processes and participate in DM at owner level, to being pushed down the chain once the SMT were in place, I saw at first hand the impact on morale and commitment these changes and the rapid growth had on the company.

The weakness of HR was also damaging. There was no outlet for employees to discuss their issues and no sense of confidentiality. I knew company A had a frustrated HR team who saw the issues but either didn't have the power or the stomach to force change and intervene. In company C, the new HR manager, was very much driven by her own career goals, and didn't have much time for the employees. These issues led to a distrust and lack of respect of the HR department in both organisations (A & C). This weakness is damaging to the culture and will continue to impact the attitude across the organisation going forward if no action is taken.

### **6.6 Summary of company C**

Firstly, with the arrival of the new CFO there has been an unbalancing in the culture within the organisation. There is a bureaucratic coldness that seems to have unsettled

many of the longer-serving employees. This has built into a culture that they no longer feel suited to and chose to move on, taking their skills and knowledge with them. In a relatively new niche market, where many new operators have now started to compete, this could be an issue as knowledge gets passed across the OGI quickly due to movement of employees and the incestuous nature of such a close-knit industry, for the same cultural reasons. This is also certainly correlated to the new "experienced" SMT personnel arriving. The SMT have taken their own OGI experience and tried to copy it exactly into this niche company. This has disrupted key employees and potentially damaged the relationship with core customers, who don't like the stigma attached with harder gambling offerings such as poker and casino games. It's a big risk in an attempt to grow rapidly and target a variety of different customers.

Additionally, having moved into offering more products and diversified slightly into other areas, the level of complexity may cause serious difficulties in time. They may have competent people in place currently, but as the business grows, will the SMT be able to adapt in line with the industry? We saw in both company A & B that complexity caught up with both, and as they tried to enter new markets at speed and with sub-standard products. This led to both having to downsize, make key decisions for their very survival and reassess their positions. Company C seem to be thinking short-term and driving up revenues, whilst not looking at the implications of their expansions, which will most put the SMT under increased pressure over time.

I did my best to support the SMT and offer input but as the business grew, the hierarchical structure introduced meant I couldn't maintain this support as I wanted. I believe this was a sign of the start of problems at the SMT level which goes beyond competence but rather is an issue of attitude and culture, which will lead to issues as we have seen from both company A and B.

In conclusion, company C are making strategic decisions, the impact of which are maintaining profitability, but the longer-term cost is loss of key employees, potential reputational damage and an unattractive place to work. The decision to bring in a new CFO without the charisma that was there before has also been damaging.

From my own learning perspective, what I have found is that recognising the issues and being able to try to advise and support decision making can only be taken on board at the SMT level if you have buy-in. To get this buy-in you need an understanding of the motivations of those at that level. In a highly political

environment like company C, this takes time and great political-entrepreneurial skill, especially if not a member of the SMT.

## 6.7 Emergent themes

Key points raised	Examples	Themes emerging
New SMT brought in with extensive OGI experience has had an impact internally and driven up revenues in short-term	Employees leaving, pushed out, seen as a cost more than an asset from early on in new SMT reign. Pushing harder gambling and moving into grey/black markets. Bureaucratic management style.	Culture, attitude
Owner sees new SMT as the key to driving firm forward. No view of the negative impact or whether they have relevant competencies in changing industry.	Poor handling of employees, short-term thinking. Only know one way of operating, spend heavily in new markets, no development of people, start to dominate the organisation and change mindsets to support their approach.	Competence
Reliance on long-experienced executives with previous success in OGI.	Previous success has brought an ego with it and a license to influence incumbent executives. Built a divide from middle management as seen in my own experience. Avoid being challenged.	Attitude
Self-promotion and short-term thinking means a shift in focus and values towards rapid growth at any cost.	Almost immediate focus on grey/black markets and expanding product offering to highly addictive games. Move away from core values of the firm.	Ethics

**Table 6.1: Key themes emerging from the data**

Table 6.1 above gives a summary of the key issues and the themes that emerge from each to categorise the issues faced in company C. In this section, we will discuss these issues to understand why these themes are relevant.

Company C are experiencing rapid success and have already started creating an ivory tower away from middle management, as we saw in company A. The OGI veterans now in the SMT are convincing the other SMT members to conform to the normal industry “standards”. These experienced SMT members have had a negative impact on the incumbent SMT's attitude and therefore strategy for the business. We saw the impact “experience” or longevity in the OGI had on both company A & B in terms of both competence (in their lack of adaptive capacity), attitude (inertia, relationship with employees, investment decisions) and culture and the same is happening in company C, particularly around attitude and culture. This needs to be monitored as this can lead to faulty heuristics such as the Icarus paradox, groupthink and inertia.

In an industry like the OGI, many practices need to change yet it is difficult to break the mindset at SMT level, and easier to lower our resistance and fall into line and become part of the problem (the slippery slope). This is having a long-term damaging effect on the OGI and those new to the industry, although coming in with clear ideas and clear perceptions, often must learn from more experienced personnel and with this they become susceptible to unethical practices to survive.

During my tenure, there was a strong entrepreneurial and team culture. Subsequently, and with the arrival of these new faces at SMT level, the culture has moved directly towards prioritising revenue focus, at the detriment of everything else, much aligned to Le et al's (2015) findings, which show that a firm reflects the values of their SMT's. The new SMT members' influence, together with a lack of challenge from the other SMT members, had given them free reign to mould the company into what they are used to; a typical online gambling company, cognitively unaware that this is a short-term model that is self-harming as it erodes its own reputation and drives key employees away.

The strategy of now actively operating in grey markets moves away from the original mindset of the company. This along with introducing a broad array of hard gambling products has introduced a lot of complexity into the organisation, and these veteran SMT members will no doubt have in the past heavy reliance on intuition and heuristics (however faulty they may be) to make decisions in this zone of complexity they have created for themselves. This subsequently increases the burden on the SMT to perform and remain competent and valuable to the business.

The ease at which they let long-serving employees leave and the expectancy of new employees to have the same passion is unrealistic. The importance of employees from a competitive advantage point of view is not recognised in company C, as was the case in company A, and the SMT see everyone as replaceable. But experience in the OGI has shown that allowing employees to leave with valuable knowledge means a loss of competitive advantages, as they usually end up working for competitors. Company B recognised this and treated employees well, challenged them and kept them passionate. Company C have moved away from that and their treatment of employees reflects the changing values of the SMT and what they see as important for the business.

Company C's willingness to enter grey and black markets suggests that their perception of the OGI and its attempt to regulate has not been taken seriously. It is endemic in the OGI, whereby operators see the industry as a cash-cow that needs to be milked dry before regulation becomes standardised globally and reduce the opportunities for rogue operators. This approach for company C seems to have come in with the experienced OGI veterans now on the SMT along with the new CFO. A SMT with long tenure in the OGI may only know one way to build the company up and this is a drastically short-term approach.

## **6.8 Conclusion**

This chapter has detailed my experiences around key strategic events in company C and considered the findings from my action, decisions made and their implications. It was found that there were common themes, all of which should raise concerns for the SMT of company C.

The next chapter discusses the collective findings before answering the research questions, as set out in the introductory chapter.

# Chapter 7 – Collective findings and discussion

## 7.1 Introduction

Having now analysed findings from research on company A & B in the cross-case synthesis, and company C, this chapter collates the data and explores it as a collective. The findings are compared against one another and against the literature and offers a robust set of theories that allow the research questions to be answered.

We start by briefly recapping on each firm under study and critiquing them against one another. We then look at the main themes and theory that has emerged from the research. This is then used to address the research questions, this study's contribution to both the academic field and the practical environment, and its limitations, before concluding.

## 7.2 Brief recap of each firm

### Company A

A large player in the industry, both parties in company A had been the industry leader pre-merger. The cultures clashed post-merger, and nothing was done to ensure the right people were in place to ease the transition. The firm had no clear strategy and were slow to adapt to the changing market. The focus was on the short-term with heavy reliance on intuition, evidenced in their vague hope that the US market would take off. The executives became less visible in day to day operations. Revenue continued to decline and in the end, it was decided to sell to a rogue operator who came in and made a wave of redundancies. The SMT were paid handsomely and walked away, leaving disillusioned and angry employees behind them, as well as a dwindling customer base.

What emerged from the case-study was that the calibre of SMT wasn't sufficient to operate such a large organisation. The jobs-for-the-boy's mentality meant there weren't strong enough characters to make ruthless decisions, a fear of moving from the status quo, and there wasn't the right mix to challenge the dominant CEO in place.

Additionally, the SMT were never around and employees felt isolated so there was never a connection or assurance about their commitment to, or on the future of, the company. The SMT kept making haphazard decisions and looking to exploit loopholes in national laws covertly to operate in grey markets. They dismissed the ethics committees and were laisses faire with corporate governance and appeared heavily focused on their own self-interests. When things went wrong they wouldn't take responsibility. They always found a way to shift attention from themselves. They never committed resources to driving any culture and so middle management were able to build mini-empires themselves, resulting in no employee development and little loyalty to the firm or care for its success.

The SMT were mostly long-standing and the corporate values were shaped in their image. Any new SMT members were expected to fall into line and not challenge the status quo, ensuring the cycle continued. They had placed themselves into a dominant position and it took the sale of the business and the realisation of their share options and significant wealth for them to step away. Even then, some SMT members refused to recognise the merger was a failure.

#### Company B

Company B, a smaller family owned and run operation, were starting to struggle with the increased competition, and the need for more professionalism and competent management became evident. They recognised the weakness and acted. The new SMT came in and made some big decisions to keep the business competitive. The new CEO had a good blend of skills and personalities in his SMT and fresh view of the OGI and they became a lean operation. They made a huge point about maintaining the family values and engaging with employees. Reducing resources meant empowering employees to step up and they responded well. Initially, there were many costly projects ongoing that were cut as the CEO focused on what the industry was (e-commerce) and moved away from what they thought it was, the wild west. These projects, and many other costly projects were stopped to maintain stability, and this hindered growth, but was a necessary step.

Due to the smaller size of company B, the SMT had closer relations with employees and so their decisions had clear consequences. They communicated their decisions, took responsibility and held themselves accountable for the outcomes. They encouraged employees to do the same, and believed that they could turn fortunes



around. The SMT kept the family values and close relationships with the employees and promoted loyalty and personal development, in line with enhanced professionalism and stability. The CEO's non-OGI background was a refreshing change and their focus on customer satisfaction and personal development stabilised the business and made it attractive for sale.

### Company C

Company C was a new entrant to the OGI and had a niche product that was instantly successful. Employees were incredibly passionate about the business, driven by the co-owner who was engaging and led by example.

The political issue started to boil over and culminated in the co-owner leaving. This heralded a new wave of SMT coming in with extensive OGI experience. They spearheaded a huge revenue drive by releasing new 'harder-games' and started focusing on grey/black markets.

They created a gap between SMT and middle-management and influenced the incumbent SMT members to follow their lead. Many long-standing employees left or were forced out and the culture shifted from a fun, entrepreneurial environment to a sterile, cold bureaucracy.

Whilst the business continues to grow, their short-term approach has them taking the similar route as the other sampled companies, and the mentality to the OGI also appears similar.

### **7.3 Main themes & refined theory**

The themes that emerged from the analysis of each company are similar. This has not come as a surprise as company C were showing extremely similar signs to company A & B at various stages of their respective evolution. As the comparison of the cross-case study findings with company C was initially used in the grounded research theoretical sampling approach, this finding of similar themes adds weight to the initial sample. These four themes are management competence, attitude, culture and ethics. In this section, we will discuss the source of these themes from each sample company as we compare each and let the main theory emerge. This theory will then be triangulated against each company to verify the legitimacy of each. Appendix 3 gives a tabular representation of the following detail.

### **7.3.1 Key themes across each company**

#### Management competence

The evidence shows that company A didn't seem to take heed or even notice the changing industry and increasing complexity in their organisation, and it was suggested "they got lost in the whole thing." They didn't have the capabilities to adapt and failed to take responsibility or action when needed. Reliant on gut and tried and trusted approaches was no longer sufficient. Comparing this to company B, who saw the competency gap and acted in appointing a professional SMT, who stabilised the company and strengthened the brand. Whilst these are different sized firms with differing challenges and levels of complexity, the decision to act says a lot about the motivations and interests of the SMT's in both companies.

Company C are growing fast and moving quickly into new markets and with new products which will inevitably move them into a zone of complexity. With the strong influence of experienced SMT in place, they need to take heed from company A's actions and ensure they can adapt and remain with the relevant competencies at SMT level to face new challenges.

#### Culture

Company A never managed to integrate the two cultures post-merger and "still cannot do it." People were too sensitive towards one another and nobody was willing to be ruthless and upset the other side of the merger and so decisions were avoided. This alongside the focus on enhanced regulation meant post-merger cultural integration suffered and never really worked. Employees and output suffered and in the end the merger failed mainly due to this.

Company B always had a family-based culture and due to the small size, could work closely with their employees. When the new SMT took over they kept that family-feel and communicated their strategy. Although they were ruthless where needed and made redundancies, this created opportunities for employees to step up and develop.

Company C were growing rapidly and continued to do so under the extended SMT. What did change was the product offering and ruthless drive for revenue, which in turn changed the culture to a colder, master-servant and closed communication style. They are still growing under this new style and it may be argued justified in their

approach, but lessons should be learnt from company A and B as they move towards new challenges and create complex environments for themselves.

### Management attitude

Company A had a SMT “that never had to be careful about money.” They never saw regulation as something they needed to adhere to or take seriously and saw employees as easily replaceable. This mindset tainted their view of the OGI and how they interpret and make decisions. The move to a bottom-line focused approach across the industry started to be realised but was too late and the merger failed, and the business was sold. They saw this as “a new wave of mergers was needed” as opposed to their own shortcomings.

Company B initially had a similar attitude in terms of spend and were caught short when trying to build their own platform and investing in the US and the wasted money associated with that. The one area the family held firm on was not getting into debt and the new SMT took this on board and embraced regulation, particularly POC tax, and worked with it. They ended with less staff and higher margins. The new CEO even mentioned arguments with the family over the need to cut spending. He had the business stability in mind and removed emotion and gut from DM, as it just wasn't effective in this challenging market.

Company C initially operated a niche product in various markets and had a smattering of OGI experience in the ranks. They were very analytic and relied on data as there wasn't a huge amount of OGI experience early on. With the new SMT and their own people, they moved to an aggressive growth strategy, involving heavy spend, sidestepping regulation, and turning away from the employees who had gotten them this far. Self-promotion now replaced politics and the ability to challenge decisions was no longer available. My own experience of challenging decisions and the problems it caused me was evidence that the new SMT looked to dominate and become beyond reproach in the organisation.

### Ethics

“Across the board, very poor quality of senior people, both academically and morally.” This was the sentiment by a member of the SMT about company A. They hid in the shadows of grey markets via legal gaps and didn't see the need to justify it as

no ethical guidelines or ethics committee in place to challenge them. They in fact disbanded their ethics committee.

Co B. moved into grey markets but the fact that no analysis had been done and they were lossmaking meant the new SMT took significant action to survive and moved away from these markets, instead focusing on their strengths, and maintaining the brand.

Company C have diluted their products to include harder-games (more addictive) and moved into grey and black markets. A promise of huge rewards for the owner being the sales pitch used. This has come at a cost via loss of employees and regulatory fines. The new SMT members haven't considered the long-term impact of their strategy and focus on short-term revenue generation, like what company A and B had done.

### **7.3.2 From themes to theory**

By now the key themes that have emerged have been established and justified (competence, culture, attitude and ethics). In this section, we will evolve these themes into theory and use evidence obtained throughout this research to support these theories. The common pattern that emerges from the previous section and all the underlying arguments behind each theme is that long tenure in the OGI has a major influence on SMT's, and on how they make decisions. The inability of long-serving SMT's to adjust to changing needs to the business is down to previous success in the OGI which has made them egotistical, slow to react, reliant on instinct and outdated strategies that were successful before, and which are open to bias and faulty heuristics. In a changing environment that is more competitive and complex, reliance on these instinctive approaches or an unwillingness to adapt suggest that not only were these SMT's fortunate in the cash-cow era of the boom for the OGI, but that they don't have the competence or capacity to adapt. Instead of which, they look to dominate the others and use their influence to push their decisions and seek support for same. They will not open themselves up to challenge and pro-actively create a divide from those who may challenge their DM. Their reputation is in danger of being questioned, as is their relevance to the organisation and industry. By becoming the loudest in the room and making promises of growth, producing short-term results, they blind people as to their value and over time, particularly in new and

challenging situations that are yet to face the OGI, will inevitably struggle to adapt and fail to add value.

What we must also consider is the motivation of these long-serving SMT members. It's automatically assumed that they are still driven by new challenges. But I believe that long periods of success have given them a strong reputation and instead of developing themselves to build upon this success, they leverage themselves off these past successes and produce short-term results, yet over time become risk-averse and unwilling to compromise themselves, and instead promote the status quo. In summary, they felt they have done enough for the OGI and are now looking at their own self-interest for as long as they can.

Furthermore, the long tenured SMT have become so focused on driving up the top line that their approach to strategic DM has always been significant spend and resource exploitation in the short-term. As the OGI evolved, and became more cost focused, they have struggled to find an alternative approach or move towards an analysis-driven investment approach, and don't have the cognitive capacity to do so. Instead they adopt the same approach, tried and trusted heuristics, with all the biases included, and point at regulators or competitors to explain the poor outcomes of their decisions.

This, aligned with the increased complexity of the organisations and the OGI mean that heuristics are significantly riskier to be reliant on and start questioning the logic behind decisions, need justification. But again, long-tenure has generated a cognitive overconfidence and a somewhat irrational belief that are driven by faulty assumptions and in turn bias, which seriously impacts DM. This will lead to these SMT members becoming less relevant and their value diminished over time unless they adapt and realign their skillsets with their experiences.

The impact that long-tenure has on moral values is another emergent theory. This research has numerous examples and provided discussion on the poor quality of ethics in each firm at one point or another. The very nature of the product and the attempts at operating in dubious markets and hiding in regulatory shadows has been the norm for most in the OGI for a while now. As the OGI increased regulation and clamps down on those operating on the fringes, the longer-standing experienced SMT members seem to take it personally as they feel entitled to operate as they wish, which possibly stems from how they built their success in earlier years in this industry, and their

ego seems reluctant to submit to the regulatory orders. The potential of huge revenue outweighs the reputational and legal risks faced and some SMT's are willing to take this chance. This disregard for regulation breeds contempt for authority which becomes contagious across the organisation and other SMT's and employees are influenced as they are expected to adopt a similar mindset. This goes back to the attitude and the belief that the OGI is special and beyond reproach. What they fail to realise is the damaging effect it is having on the OGI. Hence, why longer tenure in such a morally ambiguous industry has a serious impact on DM.

Based on the above the theories emerging are:

1. Longevity and previous success in OGI influences the DM process.
2. Long tenure in OGI affects perception of OGI by SMT which influences thinking around DM.
3. Long-term exposure to the industry affects the ethical considerations in SMT assumptions.

To add to the robustness to these emergent theories, I will now triangulate these against each company.

### **7.3.3 Triangulation of theory**

If we consider the theory that has emerged as a collective against each company, triangulating them against each company should add to the validity of each. Each theory is labelled 1,2 and 3 as per the categorisation in the previous section.

#### **Company A**

1) This is evident as decisions are still being made without Cost Benefit Analysis or market research with little regard for the value of money. The saturated market implies less money and higher costs/lower margins, meaning SMT's need to be clever, yet they still rely on gut and justify it with examples of their own previous success. Their dominant position doesn't allow for challenge and groupthink is prevalent.

2) They believe another wave of M&A was needed in the industry. They refused to see the merger as a failure but blamed regulation as the cause. There was a total disregard for corporate governance (no meetings, disbanded ethics committees, groupthink). They publicly operated in regulated markets but behind the scenes were

working in grey/black markets shows the belief that scheming and beating the system is the key to success. This old attitude of needing to be ahead of the regulator is doing nothing but harming the industry. These people don't offer anything in terms of cleaning up the image of the OGI.

3) They never acknowledged the power of regulation and continued to try to operate in dubious markets. Their focus on driving up revenue behind the scenes contradicted their public message of regulated markets only and this not only confused employees, but sent negative messages to them around the right and wrong ways to run a business and adhere to corporate governance.

### **Company B**

1) The family had been in gambling for decades and with online, they followed the industry approach with speculative spend, little analysis and no reflection. If others were doing it then so should they. Except, they had a lot less resources so poor DM hit them harder. Reliance on gut and emotion was what drove this approach, and they started to feel the impact, and needed to react to survive. New SMT, the CEO of which was new to OGI, saw the OGI with fresh eyes and started making precise decisions and removing unneeded resources to force stability.

2) Even as a family operated business with strong values, they were lured into the potential riches that grey markets could offer. They spent heavily in line with competitors, yet simply didn't have the resources to keep the pace. They had to change and the outcome of their reckless spend may have been the trigger to get professional SMT in. It is questionable whether the family's attitude has changed but the new SMT certainly aren't disillusioned by the potential of the OGI and were able to challenge the family with business-savvy arguments when needed.

3) Despite the family operation, they too were lured by the potential from these illicit markets and followed the crowd into them, with little regard for laws and regulations. Whilst they did move away from them, this appeared to be the outcome from having to change their approach due to POC and enhanced competition as opposed to wanted to become more ethically aware. So, it is questionable whether they consciously embraced regulation and decided to adhere to it as part of their strategy or just ended up doing so as part of their drive for stability.

## Company C

1) The firm brought in experienced SMT members and the company shifted significantly. Rapid growth and new products, markets followed. Revenue has doubled year on year yet I am unsure of profits as significant market spend in new markets would be costly. It's not clear how much analysis is going into the DM but in my time analysis was carried out. I am unaware of this having changed. This current growth will only inflate the egos of the SMT and make it more difficult to challenge them nor for them to adapt. The concern for the future is whether this SMT manage the complexity they are creating for themselves and will they do what co B did and bring in the competent people to help or do nothing like co A and slowly deteriorate.

2) The owners always wanted to make money from this venture. They saw high volume, low value transactions for a fun, friendly product as the key to success. Whether they respected their customer is unknown, but they knew their customer base and built on it.

The new SMT decided to flood their customers with harder games to encourage bigger spend more often. They saw this and bombarded customers with cross-selling, whilst also major blanket-advertising across countries. No thought was given to type of customer and the vulnerability of soft-gamblers to hard-gambling and the impact it could have. They wanted quick wins and easy money. The fact that their approach upset employees was disregarded and the move into dubious markets echoed this sentiment. They changed the fabric of the firm and the reputation also. They upset regulators and have received numerous fines but are happy to pay them and carry on as the short-term benefits outweigh the fines, yet mid-long term they don't seem to consider.

3) They have moved from a more ethically-balanced entity to one on the edge, or if not, over the edge. Not only in terms of the markets being targeted but also in terms of their culture and how they have treated employees and their treatment of customers (in driving harder products onto them). This approach appears risky and they are in danger of losing their way if they don't recognise the issues they faced if there is enhanced regulation in the future.



## 7.4 Discussion

Now that we have identified and analysed the three key theories that have emerged from the research, this section discusses them in line with current literature. Firstly, I will summarise the thesis, the findings and their meaning.

Research was carried out on three companies in the OGI of different sizes and stages of evolution, to get a deeper understanding of the drivers of DM at SMT level, with the aim of making recommendations for practice. I found that longevity of tenure has a significant impact on DM for SMT in the OGI. The longevity theory is broken down into three key aspects: longevity and previous success influences the DM process, long-term exposure to the industry affects the ethical considerations in SMT assumptions and long tenure in OGI affects perception of OGI by SMT which influences thinking around DM and introduces bias. The features of each were reflected in the early themes emerging from the analysis, namely management competence, attitude, culture and ethics. These had a major influence on DM, both positively and negatively, and the common factor behind each was length of tenure in the OGI for senior executives.

So, what does this mean? It means that those long-serving in the OGI are influenced in several different ways. The historical evolution of the industry, the nature of the product and the early strategies adopted and rapid growth, and the lack of regulation and success in the past all have knock-on effects as SMT's believe their own hype and rely on tried and trust methods, philosophies and intuition and drive a culture based on this. They are unwilling or unable to adapt to the changing OGI. So, when key strategic decisions need to be made, they are not in a good position, competence, perception, ethically and motivation-wise to do so, compared to those newer to the OGI and less corrupted by the past glories and illusions of greatness that the OGI has brought.

Based on this, I believe there is a gap in the competence and adaptive capacity at SMT level, particularly long-standing executives. Afraid that they are no longer relevant, they change the questions to be able to answer them, and rely on the tools in their locker to keep them in the OGI, particularly in highly paid roles. Their reluctance to embrace regulation and change their own mindset around the moral void in the OGI is damaging, and ego and self-interest along with being a big influencer of those

new to the OGI, strengthens the status quo and does nothing to move the industry forward.

If we now consider the theory that Longevity and previous success in OGI influences the DM process, Finklestein & Hambrick (1990) found that the longer the tenure the more average the performance. Their research found that tenure leads to status quo. Milana & Maldoan (2015) also found that long tenure leads to a manipulative SMT who try to dictate performance and the environment to suit their own agenda. Over time this leads to a change in attitudes and behaviours in an organisation. These are points we have seen from the companies sampled in their attempt to keep in their roles, creating distance between themselves and subordinates (Co A & C) and were prevalent in changing the attitude and culture in their respective companies. Company B took a different approach and avoided this issue.

Conversely, with experienced executives comes faster DM (Klein, 2015) and the ability to assess multiple scenarios at once (Eisenhardt, 1989), due to extensive experience in similar situations. Francis-Smythe et al (2013) found that intuition, instinct and experience are still vital in DM, and the value of experienced heads for new managers is also relevant. However, we need to be aware of dangers around the over reliance on instinct in uncertain and complex environments. So, in these companies sampled, we can see experience is valued extremely highly and they don't lack confidence. The issue faced is that they are too reliant on intuition, heuristics and gut, and decisions are prone to bias. The SMT's don't recognise these biases and they become embedded on their cognitive approach to DM, and so believe failures are not their fault but down to something else. Company A is a great example as the CFO refused to recognise the merger failed and the SMT sampled all talked about the major impact regulation had on their firm. Company C have taken a similar mindset to company A and are implementing old approaches to an evolving industry, and this will cause problems in the future.

This takes us on the second theory that longevity plays a part in the SMT's perception of the OGI and thinking around DM. Clarke & Collins (2002) found that faster decisions can be made if the SMT have a high cognitive capacity and strong risk appetite as speed of change in an industry impacts DM speed and quality. We have already found that longer-serving SMT's have lower risk appetite and this rapidly changing industry doesn't have SMT to keep up with it. And so, the SMT in these sampled

companies, instead of adapting, they continue to look at the OGI as it was 10 years ago and act as they would back then. This is evident in each sampled company. The SMT's are more comfortable and avoid being challenged as they are unused to it, and this creates a culture of silence and animosity. This perception of the OGI, where long-serving SMT's are dominant, they can resist change (Kets de Vries & Miller (1984) which is a major cause of strategic failure. Company B brought in new CEO who wasn't disillusioned or blinded with past success and was able to adapt himself and the firm to the changing OGI. He sees the OGI as another business, whilst others see it as their own and over time alter their beliefs and values to justify decisions that have little relevance to the current market. This was evident again when company A & B invested in the US, when there was no longer a market!

An interesting point made by Zaccaro et al (1991) is that in complex, uncertain environments, long-term plans don't make sense. In the OGI, I have been critical of the SMT's for short-termism, and I believe that there needs to be a stage in an organisation when they move from uncertainty and complexity to being able to manage and adapt to the environment and plan accordingly. This is not evidenced in the research as each sampled company act in a short-term fashion, but that's not to say that is a correct approach, as company A & B ceded control of their organisations whilst company C invested heavily and flooded their customers with multiple products, all of which were short-term yet are not certain to be long-term solutions for the organisation.

The impact long-tenure has on ethical values and in turn DM is also a key theory. I found that the ethical values of SMT members corroded over time and this was contagious across the firm. Even company B, with their family values, were not immune, as they looked to enter black markets. Becker (1960) correctly pointed out that we develop our behaviours based on our environment. If the SMT are not acting ethically, the culture is impacted (Trevino, 1986), and as we saw in the sample, dominant SMT's drive unethical decisions, and this influences others, as found in Wilhelm's (2012) research.

Conversely, in what is often seen as a vice industry, how do you take away the ethical issues internally without impacting the product itself (Harried, 2009)? There is a challenge in becoming more ethical or socially aware for operators in controversial industries such as the OGI. Miller & Michelson (2013) found that even when firms in

these types of industry try to establish or enhance their CSR practices, opponents will always look to stop them based on their own personal values and ideology. So even in attempting to improve the image of OGI by doing good, it will be seen as sinister and challenged.

It has been argued that regulation has had a damaging effect on the OGI. But Lindorff et al (2012) believe that having even partly-regulated products and services from the OGI are better than if they are operating illegal and still easily accessible. In the OGI, the attitude has been operating illegally due to the ease of access to customers but it's simply not ethical nor good CSR. Research (Ye Cai et al, 2011) suggests that SMT's do see CSR as important and want to promote it, even though their products are harmful, but they maybe simply don't know how to address it.

The challenge is in keeping investors happy whilst trying to improve the ethical image of the OGI, and not drive customers away. McManus (2011) suggests a pragmatic approach, finding a middle ground, where SMT can drive a culture with more ethical focus yet not harm the product offering. But in an industry that has thrived and with long-standing SMT who are unlikely to see improved ethics as a value adding feature, it's difficult to convince them. The alternative approach may be as Dhiman (2008) suggests being simply more transparent, to enhance the image of the OGI. But this comes back to the perception and mindset of longstanding SMT's and whether they have the motivation or attitude to take such a bold approach. I would think this is unlikely.

The literature supports the findings and adds to the strength of my arguments in saying that SMT's of long-tenure can be a danger to their firm if not managed. These are the issues and challenges facing the OGI at the SMT level. Based on these, the next section answers the research questions posed in the introductory chapter.

## **7.5 Addressing the research questions**

Now that a clear summation of the theories has been laid out, it's time to address the research questions as posed in the introductory chapter. The first question asked was:

*"What, if any, are the key assumptions made about SMT's decision making in the development of an Online Gaming Company?"*

The obvious assumption made within the OGI is that the SMT's are of the proper calibre to be able to manage complexity and have a strong adaptive capacity. Calibre is

defined in this instance as “the quality of someone's character or the level of their ability” (google.com). This is an incorrect assumption. During the growth of the OGI, many skilled bookmakers became members of SMT's due to their market knowledge and understanding of the customer, or punter. Now, these same people are often still at SMT level and there is a huge gap in knowledge around management, strategy and operations. This has now started to show as they are unable to adapt or make strategic plans for the long-term sustainability of their organisation. Instead they look at merging or acquisition as the only option. The poor calibre of SMT personnel is an issue that will continue to damage the OGI until focus is put on getting the suitably qualified people in.

A second assumption is that the longer-standing members of SMT's have the motivation to face new challenges. This is also incorrect. It appears that long periods of success in the past have somewhat diminished their motivation and they have struggled to develop themselves professionally. This may be due to the tenure within the OGI and age whereby they have become a part of the institution and are so entangled in the misperception of the infallibility of the OGI that they are unable to pull away and look at the business more objectively, instead fallen into a mire of heuristics, bias, overconfidence and groupthink, and have never faced these situations before nor able to re-motivate themselves to deal with the complexities now facing the OGI. At earlier stages of the evolution of the OGI, SMT's oversaw cash cows and were all heavily revenue focused and failed investments and poor decision making got little exposure. There was an air of infallibility across the OGI and it could be argued that people got careless and lazy. As the OGI has changed, these same SMT's have struggled and it's been difficult to accept that their value to the company is no longer there.

Another assumption is that the moral values held by SMT members, and those promoted by the company, are deemed to be aligned and of a sufficient calibre, which is not the case. Again, this goes back to tenure and their exposure to the industry and its toxicity. Longevity has been found to erode our moral codes without us even noticing as we realign ourselves. It's the corporate values that influence personal values and the dominant and principal goal of shareholder maximisation over stakeholder value.

The second research question asked “*On what basis are decisions taken?*”

What the research found was that whilst heuristics are common within the OGI, and driven by bias, it's the mentality and values of the SMT that really defines how decisions are taken. This is impacted by the length of time spent exposed to the industry and the negative effect it has on members of the SMT as individuals and a group. Decisions are rife with potentially dangerous heuristics (cognitive overconfidence, Hot Hand Fallacy, etc.) that are supported often by illogical biases all of which come from eroded personal values.

The final question was *"What lessons can be learned from the decision-making process?"*

Understanding the core values and behaviours of the individual members of the SMT is important in ensuring the right calibre of person is employed to help take decisions as a collective group. This I believe is a more pressing issue than trying to monitor and manage the use of heuristics. Finding out about SMT members motivations, beliefs and values and what they can bring to the team is extremely important, particularly in this highly publicised and ethically dubious industry. Alongside this, companies need to ensure they are competent, the right fit for the SMT and not only complement the existing team but have the strength of character to challenge decisions and drive change for the better.

Additionally, there should be cause for concern over the impact long tenure within the OGI has on people at SMT level. The danger of operating in a stressful and toxic industry may have implications over how and where our moral compass moves and the impact this will have on our biases and subsequent decision making. I believe that longstanding members of the SMT in the OGI should re-evaluate themselves in terms of what they offer, their motivations and their values. They should also be given time to reflect upon how they have evolved since moving into the industry. The board should drive such an exercise and incentivise SMT's to action and ensure they are self-aware and can remain competent in the role.

## **7.6 Contribution to the field**

The aims of this research were threefold:

1. to explore corporate decision making during key strategic events for operators within the OGI,

2. to discover the thinking around these decisions, the assumptions made and their influences, and
3. to make recommendations for those in a professional work environment.

I believe this research has not only addressed and met these three aims but also given food for thought for future research that can expand on this topic. It has also highlighted serious concern for the industry, particularly during these changing times. From a research perspective, the assumption around the value of being socially responsible and ethical in creating a sustainable business model has until now not focused on the OGI, which this research has done. Additionally, unless there is understanding of the SMT and their drivers, particularly in industries such as OG, then this sustainability question cannot be answered.

Secondly, the role of heuristics and bias are clearly influenced by core values. The influence of corporate values on personal values means that in morally dubious industries such as online gambling, there is never going to be an ethical benchmark to aspire to as the level will instead simply keep falling. Ethics does influence the DM process (Thomas, 2013), but the vicious cycle of new SMT members coming in and over time becoming susceptible to the industries dubious standards means that we not only continue to have unethical operators but also a lower level of ethical value in society in general.

## **7.7 Limitations and further research**

There are a number of limitations to this research. Firstly, is the small sample size from the data was sourced. Two or three companies does not define an industry and although I attempted to choose companies that would offer a good spread of data (large plc v small family business) it needs greater extrapolation to give it more credibility and value to the industry.

What is more, my own bias has certainly influenced some of this work and while I made every effort to keep this bias away, it will invariably have had some impact on the research and its findings. Whether others who embark on similar work find the same results is an interesting question but that's the uniqueness of first-person research in a practical setting – no two test environments will ever be the same.

## **7.8 Conclusion**

This chapter has offered a collective analysis of the individual findings from the cross-case synthesis and the AE of company C. The findings are then considered against the literature as addressed throughout the research. The findings show some commonalities between the companies and potential challenges for company C.

This chapter answers the research questions and identifies the calibre of senior management, the longevity of their tenure, their attitude and ethical values as the influential forces behind what drives their decisions. To mitigate the threats posed of these forces, the findings highlight the importance of understanding these senior managers and their motivations before and during their appointment to the SMT.

The next chapter explores the action research iterations throughout the research and my personal journal.



# Chapter 8 – Action iterations and my own personal journey

## 8.1 Introduction

Having laid out the findings and addressed the research questions, I will now position the role of AR in this study and my own personal development throughout. This chapter describes the AR element of the research to help the reader identify where AR was used and how it benefited the overall study. We start by introducing the basic features of AR.

## 8.2 Relevance and importance of Action Research

AR has been described as the application of scientific knowledge with existing organisational knowledge to solve real practical problems (Shani & Pasmore, 1985). AR is research in action as opposed to the more traditional research about action (Coghlan & Brannick, 2010). The idea that those studying a phenomenon actually participate in the cyclical learning process and take action. The aim being to make the society under study a better place for its participants.

Greenwood & Levin (2007) see AR as a research practice with a social change agenda. The elements underpinning this are threefold: action, research and participation. Whilst Greenwood & Levin see AR as a more structured and participatory research practice (2007), Coghlan believes that AR is simply what we do every day in our social and corporate structures, often carried out individually (2016). For this study, AR has been used continuously to experience, understand, judge and take action in an iterative format all the while allowing for reflection on content, process and premise.

From a theoretical perspective, AR is the optimal ways for researchers to learn about social phenomena, as the research is in action, not on action (Coghlan & Brannick, 2010), and the results can be tested in action for validity, unlike most traditional research methods. Scientifically meaningful results can be derived from having been tested in practice and from those with whom are affected by it. As Lewin (1946) pointed out “The best way to understand something is to try to change it.” In my

research, the approach is of the same pragmatic mindset, learning through action and research in action and recording the findings.

AR enabled me to test my ongoing assumptions and initial research findings from observations, interviews and secondary data, in a practical setting to allow me to discern whether they could be used and the impact they did have, if any. This offered me the opportunity to reflect, reframe and reassess my problem if required. The next section discusses the AR iterations in more depth.

### 8.3 Action iterations

One of the fundamental tenets of AR is the AR cycle, or iteration. These involve constructing, planning, acting and reflecting. The purpose of which is to allow for understanding and learn from the action taken. Throughout this research, performing these cycles gave me several opportunities to reframe my initial understanding of what I had experienced, observed and had communicated to me. This was through taking action in my workplace and evaluating the outcome and assessing whether it tied into my original assumptions and judgements. This research has three action cycles, or iterations, that built on from each other as my knowledge grew. The details of which are discussed below and shown in Figure 10.1.

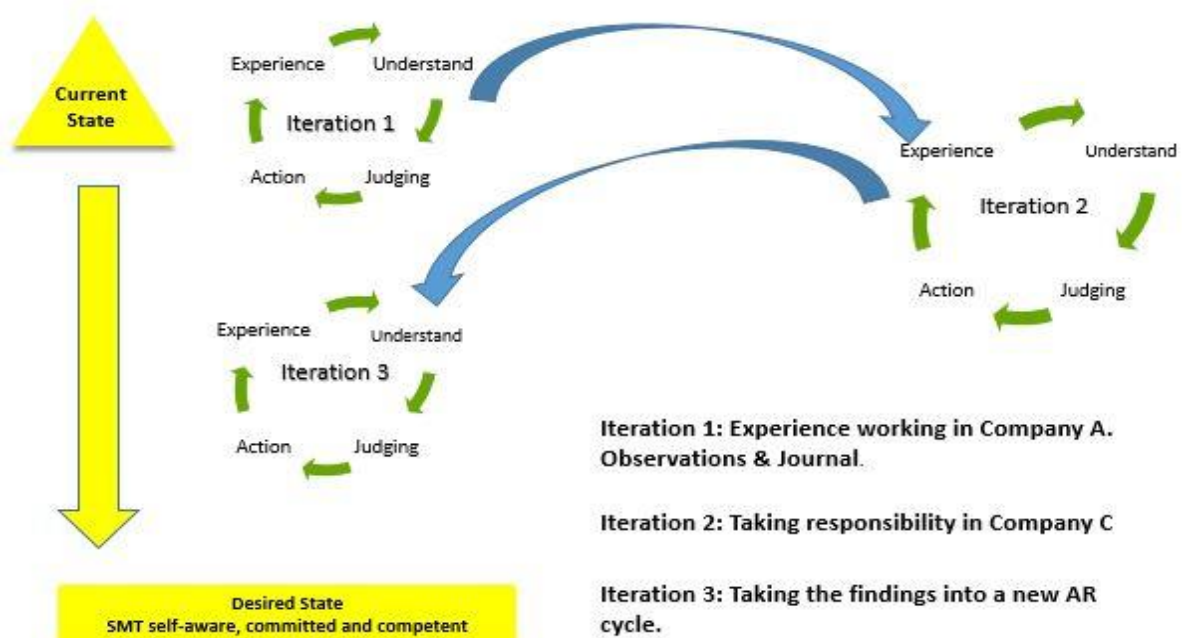


Figure 8.1: Action cycles throughout the research

### **8.3.1 Iteration 1**

The first iteration took place during my time in company A. As it was my first experience in the OGI, I noticed a lot of differences to other industries I had worked in previously. The culture, amongst other things, was particularly different. As I sought to understand these differences I started to dig deeper into what was happening in the business and the drivers. In particular, the mistakes being made by people making the decisions at the top. I started to question why we were regularly losing money and investing in bad projects, yet no changes or explanations were being sought to try to understand and mitigate these losses.

Initially, I had assumed a lack of control and motivation at all levels. But as this was an early proposition, I knew needed more research to justify it. Thereon, I started to informally interact with middle and senior management to get their thoughts and opinions and a better understanding of what they were faced with and how they felt. I also realised that there was little opportunity for me in trying to change the status quo from inside, particularly in my position. This was evidenced when I tried to implement a Continuous Professional Development programme and learning centre within our department or when I suggested a cost controller role that focused on monitoring spend. Neither of which were considered seriously, and I assumed my status was the reason for this disinterest.

This inertia and a lack of opportunity to highlight the issues, prompted me to make a move to another company within the same industry. I felt if a smaller business could give me an opportunity to support DM, I could learn a lot and make a difference. This was the start of iteration 2.

### **8.3.2 Iteration 2**

Based on my experiences in company A and my ongoing research, I decided that a move to a smaller, new entrant to the OGI would give me another angle on the approach to decision making at the SMT level that would help to broaden the scope of my research. As my position was at management level, I also saw this as an opportunity to bring my knowledge to date into a young organisation so that they may avoid the problems the larger and more established company A were facing.

As discussed in chapter 6, I quickly got an understanding of how my department was functioning and took the lead on things, assuming responsibility for tasks and projects

and talking through my thoughts on key decisions with the co-owner, allowing him to bring more complete data to the SMT. As they were more open to ideas and proactive, it was a lot easier to discuss ideas and make recommendations.

I learnt a lot about what my action brought to the business and myself. The results of the actions themselves were positive for the business but it turned out that my influence was deemed an issue for the new CFO, and so my input was diminished. From this I realised the importance of status and position in taking certain types of action. Trying to influence SMT's in a politicised company is hard, but from the outside is even more difficult and can lead to isolation and personal confrontations, regardless of the good meaning involved. Whilst I noticed biases appearing over time, it was the underlying drivers of these that were prevalent from my findings. The personal values of those in the SMT were heavily influencing the DM process and in my own experience, not positively.

But from both iterations I have learnt a lot. I took with me a successful first iteration where communication and mutual respect (or lack of) were the components that helped the cycle move forward. The second iteration was also extremely useful in that it highlighted the power of peoples' interpretations and personal values, and further strengthened the importance of understanding what is driving bias in the organisation.

The two iterations contributed to my findings in both the analysis chapter and chapter eight. These brought me to the third iteration, which is currently ongoing, and is explained in the next section.

#### **8.4 Planned iteration**

From the data obtained through the AR, the case studies and other sources, I obtained a credible set of findings. What this allows me to do is to move into another cycle, more knowledgeable and experienced than in iteration 2. This new iteration, unlike the earlier ones, which were at either the individual or group level, is aimed at the industry level. Coghlan & Brannick (2010) describe it as interorganisational networking, wherein member organisations work together to deal with complex issues and seek to act to resolve issues. In this instance, I plan to develop a course focused on the development of professionals in the OGI. The aim is to offer those in the industry an opportunity to learn about the intricacies of the OGI and the challenges faced. All of which will be underpinned with a strong ethical code and the continuous

development of senior managers. I am hoping it will highlight the need for a higher calibre of self-aware managers with the ability to realign their own moral compass as and when required. I believe this can enhance the calibre of personnel within the OGI and whilst not a short-term solution, will eventually bear fruit for the industry both internally as a more efficient operation and externally, as a more sustainable, transparent and customer-friendly entertainment industry. The aim being to develop a better calibre of senior management and self-awareness. The same self-awareness and development I achieved throughout this research and as discussed in the following section.

### **8.5 My personal voyage**

As mentioned in the introduction, my foray into the OGI commenced in 2011 and with it, ignited my interest in understanding what motivated management. Having seen a very unstructured yet lucrative industry change over time, yet the SMT's maintain the status quo with regard their approach, I knew I needed to understand the reasons why. When I commenced the DBA, I knew that I would have a great opportunity to do so in a planned and rewarding manner.

The thesis has been a challenge in many aspects. Having to juggle my career and personal life with this project has made me dig deep to find the energy and keep the motivation needed. At the time, I didn't realise that this passion and desire to get a credible and logical understanding was at the same time shaping me, both personally and professionally. I have become more reflective in my actions and more aware of what I say and how I develop relationships and understanding of others. More relevant, I recognised that my own moral compass needed realigning and I took action to address this, both professionally and personally. I commenced working for the financial regulator in the conduct of business section, reviewing licensed companies to ensure they are treating customers fairly and not misleading them, along with ensuring good corporate governance is maintained. Personally, I have devoted more time to offering my experience and expertise to people without charge, who may otherwise not be able to afford such a service from fee paying specialists.

The lessons learnt from the research are numerous. Firstly, my perception of how organisations operate has changed. This was mainly borne from frustrations in my previous roles where I felt I could add value but been resisted at various stages. I also

learned that I cannot fight for every cause and must be careful in my approach and in choosing allies in areas that I do want to influence. I know I don't have all the answers but I recognise the importance of asking the right questions (Revens, 1980). I also believe we must choose our causes wisely and commit to them, and recognise those which we should walk away from. We cannot, and shouldn't aim to be, all things to all men.

As the course unfolded and I became more familiar with myself, and my beliefs aligned with the scholar-practitioner mindset, I started to take a more pragmatic approach in that my research should be aimed at finding practical solutions that would also improve learning for others. This tied in nicely with the principles of AR and made sense to me as someone aiming to be a scholar-practitioner. Will my work make sense for practitioners? Do I understand what they need and am I able to communicate and disseminate academic theory into workable solutions? These questions have and will guide me through all future research.

My view of the world has also evolved. I see it as ever changing and heavily influenced by what we as societies interpret it as at any given moment. Whilst we, as individuals, have our own opinions and beliefs, we are still heavily guided by societal needs, or what they perceive as needs. I feel we are bounded or restricted from reaching our true potential out of fear of upsetting the status quo. My experience working in OGI and the ethical vacuum that I was a part of is the prime example. I recognise that I am part of and influenced by this society and moving away from the status quo may become my life's work. From that, I realise it is those with the energy, foresight and passion that will make a difference and make us as individuals and societies, better.

## **8.6 Conclusion**

AR has played a major role in identifying the drivers that influence DM in this research. Whilst being able to recognise irrational decisions and their implications is useful for reflective purposes, the ability to recognise the features of those with the potential and status to make such unjustifiable decisions has greater value, and having the foresight to identify what influences these DM and the implications of these decisions is what has been of greatest benefit from this research for me personally. The next chapter concludes this research.

# Chapter 9: Conclusion

## 9.1 Introduction

This chapter concludes the thesis by summarising its key findings and using them as a basis for offering recommendations for practice. The chapter also outlines the contribution of the work to the OGI around drivers of DM.

## 9.2 The research questions

The research in this thesis has been driven with the intent of getting a better understanding of decisions made at the SMT level in the OGI. This research was driven by the following questions:

- I. What are the key assumptions around decision making for SMT's in the OGI?
- II. On what basis are decisions taken?
- III. What lessons can be learned from the DM process?

In answering these questions, the data collected was analysed and compared against theory around SMT DM and heuristics & bias amongst others. Their research found that individuals don't have access to perfect information and so are bounded rationally from making optimal decisions, and so use mental shortcuts, or heuristics to support their DM. In doing so, they are often influenced by bias that emanates from various sources, and usually without their realising. And so, depending on the individual, decisions can be interpreted and acted upon in various ways depending on influences and experiences. Considering this, the answers to these research questions were found to be as follows:

- I. The key assumptions were found to be as follows:
  - a. the SMT's are of the proper calibre to be able to manage complexity and have a strong adaptive capacity;
  - b. the longer-standing members of SMT's have the motivation to face new challenges;
  - c. the moral values held by SMT members, and those promoted by the company, are deemed to be aligned and of a sufficient calibre

These assumptions were found to be mistaken. SMT's were found to struggle in dealing with the maturing market and increased complexity. The current phase of the industry requires cost saving, strong decision making and the ability to create and manage

change. This was found to be absent in the companies under study as they were never in such a challenging environment before and struggled to adapt. Executives living on long-gone successes who are ethically barren are championed as opposed to questioned.

- II. The research found that it's the mentality and values of the SMT that really defines how decisions are taken.

Decisions are made using faulty heuristics and inflated self-egos due to a long and to-date successful career in the OGI. This leads to an unwillingness to compromise in many instances, and aligned with the exposure to the slippery slope of moral ambiguity, their ethical values are no longer capable enough to deter illogical biases from affecting decisions.

- III. The lessons that can be learned are:

- a. Getting a better understanding of the individual members of the SMT by the board or hiring panel is important to ensuring they are not only competent but also emotionally intelligent, able to challenge decisions and compliment the current SMT.
- b. Being cognisant of the impact long tenure in the OGI can have on people within the SMT. The ethical corrosion is contagious and regular review should be made as to the motivations and values of each SMT member. Ensuring they are self-aware and remain competent are key to continued performance of the SMT's.

### **9.3 Fulfilling the aims of the research**

The aim of this study has been to explore corporate decision making during key strategic events for operators within the OGI, to discover the thinking around these decisions, the assumptions made and their influences, and to make recommendations for practice.

The methods used were complimentary to the research topic, individuals influence on society, and to my own social constructionist philosophy. The use of a cross-case synthesis was analysed and the findings were compared to the reflective journals from company C, and then scrutinised against the recognised literature around the themes under research: namely SMT decision-making, cognitive shortcuts, ethics and bias. This



was all carried out under the auspices of action research, and numerous action iterations, with myself as an insider-action-researcher, the backbone of this study.

The research aim was achieved by finding that there are several assumptions that are made around the SMT's within the OGI and this research has highlighted several of them regarding the DM process. Firstly, the core values and mentality of the SMT's play a pivotal role in DM and has gone unrecognised due to the strength and industry-wide acceptance of key assumptions. In the current challenging climate for the OGI, there is a need for rational heads and to challenge these grounded assumptions around DM being made within the industry.

If we consider the position of company C, whilst enjoying its status as market leader, they have not yet recognised nor adapted for the huge complexity they are creating for themselves, which was a major part of company A's problems. This, aligned with an outdated attitude towards employees and the way a company should be run is starting to generate problems also like those company A faced. This and other similarities are starting to appear in how company C (and any other similar operators) are operating and the lessons from company A should act as a warning for company C going forward and the actions taken by company B as somewhat of a support for how they should move forward in terms of SMT actions and makeup.

#### **9.4 Actionable knowledge generated**

A fundamental point about action research is the need to signpost the actionable knowledge being generated. The path to this needs to be presented as specific issues to guide the reader as to what they are looking for. Being able to drilldown from the initial problem to a specific action to get what you want in not only of practical value but cuts through the theory and gets quickly to the point.

For the findings to be actionable, they need to be formally integrated into the relevant part of an organisation in a comprehensive fashion so that stakeholders are able to visualise and understand the issue and the potential impact of the action proposed (Kumar, 2017).

For this research I present an actionable knowledge inverted pyramid (Figure 9.1) to give the reader a visual representation of the path taken to actionable knowledge.



**Figure 9.1: Actionable knowledge inverted pyramid**

At the start of this research we had highlighted an issue, which was a lack of understanding behind strategic decision making. We have been able, through the combination of 'community members' knowledge and experiences, data, literature and analysis, identify the underlying cause of this issue. This is the very heart of what action research is all about.

The combination of industry-based participants with theory and my own insider-researcher input will allow for faster action and the implementation of reform initiatives to suit the specific organisation. How this is implemented will differ across firms but the aim of this research, in identifying underlying causes of the issue, clearly identifying research questions, and using research data and literature to strengthen my arguments and theory generated, has clearly been met.

One of the key action areas coming from this research is the need to implement a culture of accountability from SMT down. If we consider the themes of motivation, ethics, competence and culture, firms should recognise that by promoting accountability across their organisation, from top down, it will have an impact on these four themes and in turn potentially tackle the problem highlighted at the outset of this research. With this approach, I would expect that those unwilling to change and become accountable will stand out and force firms to act and invest more in those that do become accountable for their decisions. This will in turn lead to more

logical, well-researched and justifiable DM, which I expect will improve the business overall in the mid-long term.

Going forward, firms need to adopt a mindset of accountability and even with those longstanding in the organisation (both now and in the future), give them the opportunity to adapt, so that they can show they are still valuable and relevant and that they can change with the firm and the industry, and promote this mindset across the organisation.

### **9.5 Recommendations for practice**

Aside from the introduction of a culture of accountability as suggested above, I would make several other recommendations to enable this knowledge to be actioned. Firstly, there should be a regular review process of SMT's both individually and collectively to monitor performance, justification of decisions, ability and willingness to challenge and contribution to the team. In all companies sampled, the SMT were never challenged on their DM or contribution to the SMT, and never held responsible for poor decision outcomes. We saw this in company A with investing in the US market when there wasn't a clear market there or in moving out of new markets for fear of becoming regulated, with no challenge or justification to this logic. Company B were the same with the US. Company C are acting in this haphazard manner now. So, each firm has examples of why seeking justification for, and review of their decisions is important. A review process encourages continued self-reflection and continuous development as opposed to maintaining the status quo and remaining in their role based on past successes.

Secondly, boards should look beyond the OGI to recruit new SMT members. There are a lot of fast paced technology driven industries out there that have highly skilled people who have not been disillusioned by the glamour of the OGI and will bring objective viewpoints and a fresh motivation. Obviously, these candidates should be vetted as per my first point above, so they are the right fit with the right attitude. We saw the outcome of company A's insular approach and the ivory towers they could build, and in contrast the benefits from company B's decision to bring in an outsider to lead the business. Whilst company C had SMT with no OGI experience and were thriving and had happy employees but with the hiring of experienced OGI SMT, the attitude and culture has changed negatively. Hence the importance of the right

characters who have a clear view of the OGI and have not been 'corrupted' by it. That's why ensuring the right character match is as important as the skillset they bring.

Finally, there should be an attitude of long-term focus and sustainability with ethical values and organic growth and employee development, led from the top down, across organisations within the OGI. This will create a culture of loyal employees that have open dialogue with the SMT and work together toward a mutually common goal. There appeared to be a short-term focus in the companies sampled, but to achieve stability in the industry, there needs to be more long-term focus, for organisations and the industry. Considering this, organisations should consider what the OGI will look like if SMT attitudes and approaches don't change!

### **9.6 Consequences for the industry**

The likely consequences of my research and recommendations are strong resistance from certain elements of the SMT's due to serious questions being raised about their abilities, and challenging their positions. The OGI is in a sensitive stage and if firms start taking a forward-looking approach, they will take these recommendations on board, and it will force them to leave behind those who are holding them back, or force them to adapt, as company B did. It will take several firms as a successfully example to lead the way and I believe then those who want to remain a competitive force in the industry will need to follow suit.

## Appendix 1: Data analysis stages

	Preliminary Stage	Initial Sample	Theoretical Sample
Aim	<ul style="list-style-type: none"> <li>Understanding patterns of behaviour at SMT level.</li> <li>Understanding the reliance on tenuous assumptions at SMT level when DM.</li> </ul>	<ul style="list-style-type: none"> <li>Exploring DM during key strategic events in the OGI.</li> <li>Understand assumptions and influences of DM.</li> </ul>	<ul style="list-style-type: none"> <li>Verify/contradict findings from initial sample.</li> </ul>
Sample	Company A	Company A & Company B	Company C
Data	<ul style="list-style-type: none"> <li>Auto Ethnographic journals</li> <li>Action Research</li> </ul>	<ul style="list-style-type: none"> <li>8 Interviews</li> <li>Journals</li> <li>Secondary data</li> </ul>	<ul style="list-style-type: none"> <li>Auto Ethnographic journals</li> <li>Action Research</li> </ul>
Analysis techniques	<ul style="list-style-type: none"> <li>Pattern identification</li> <li>Theme identification</li> </ul>	<ul style="list-style-type: none"> <li>Coding</li> <li>Analysis</li> <li>Pattern identification</li> <li>Theme identification</li> </ul>	<ul style="list-style-type: none"> <li>Coding and analysis to form emergent themes.</li> <li>Comparison of themes to findings from initial sample.</li> </ul>
Themes	<ul style="list-style-type: none"> <li>See Table 5.1</li> </ul>	<ul style="list-style-type: none"> <li>SMT Competence</li> <li>Culture</li> <li>SMT Attitude</li> <li>Ethics</li> </ul>	Coming from Initial sample: <ul style="list-style-type: none"> <li>SMT Competence</li> <li>Culture</li> <li>SMT Attitude</li> <li>Ethics</li> </ul>
Assertions		See figure 5.3	N/A
Theory		<ul style="list-style-type: none"> <li>Longevity and previous success in OGI influences the DM process.</li> <li>Long-term exposure to ethically dubious industry affects SMT assumptions.</li> <li>The perception of OGI by SMT influences thinking around DM.</li> </ul>	Holds true

## Appendix 2: From themes to theory (Case Study)

Key points from cross-case study	Themes	Company A	Company B	Emergent theory
As the industry changed, both SMT's were heavily reliant on instinct over analysis for DM.	Competence, attitude, culture	We saw this in decisions to invest in US re-entry based on a hunch.	Invested heavily in the US market for 5 years, only for it to fail as they lost significant money.	Longevity and previous success in the OGI influences the DM process.
Both companies were slow to adapt to the changing industry and suffered because of it.	Attitude, culture, competence.	Huge issues with regulation, which they foresaw would be introduced. Didn't anticipate the scale and reacted too slowly.	The introduction of POC tax put the co in a position that they had to make major decisions just to survive.	Longevity and previous success in the OGI influences the DM process.
Individual SMT members struggled to realign their skillset and failed to remain relevant in terms of competencies.	Competence, attitude	Lined up friends for senior roles or moved same people around to fill new positions post-merger instead of bringing in relevantly qualified people.	Family run previously, where decisions were often irrational and emotionally driven. Didn't have competencies in line with industry needs.	Longevity and previous success in the OGI influences the DM process.
An outdated view of the OGI means there is still a "wild-west" view of the industry and these attitudes have remained in place to some extent.	Attitude, ethics, culture	Little regard for regulation for a long time and tried to do things their way, well after the industry had moved on from this early-phase mentality.	Believed in copying others for success and spending heavily to get ahead as best approach. New SMT realised was unsustainable.	The perception of the OGI by SMT influences their thinking around DM.  Longevity and previous success in the OGI influences the DM process.
There is a culture that still promotes revenue generation as the fundamental strategy with all other aspects being secondary. Short-term thinking.	Culture, ethics.	Investing in new markets such as the US, moving away from regulated markets as deemed costly in short-term. Not long-term focused.	Initially no processes in place. Living day to day. New SMT decided immediately to get Co. "ready for sale". Saw this as best approach. No long-term vision.	The perception of the OGI by SMT influences their thinking around DM.
SMT attitude towards the industry, the customers and their employees erodes over time.	Attitude, culture, ethics.	Don't encourage new ideas or employee engagement. Believe the SMT are at top earners due to their experience. See employees as a cost and easily replaceable. Exploit customers.	Family focus on heavy investment in wrong areas meant customers impacted, less money for employees. New CEO changed that and refocused on loyal employees and cust service.	The perception of the OGI by SMT influences their thinking around DM.  Long term exposure to an ethically dubious industry affects SMT DM.
The longer the SMT are in place, their risk appetite decreases but ethical benchmark decline also.	Competence, ethics.	SMT became unwilling to make tough decisions. Looked for easy wins such as closing departments, redundancies and moving to black markets instead of being innovative and competitive in current markets. Didn't want to have to adapt.	Kept projects open for too long with no results. Saw sale as only way forward, despite then posting record results. No new ideas. Family started targeting unregulated US market – new CEO stopped that as soon as he joined.	Long term exposure to an ethically dubious industry affects SMT DM.

### Appendix 3: Triangulation of theories across sample companies.

Theory	Company A	Company B	Company C	Summary
Longevity and previous success in OGI influences the DM process	This is evident as decisions are still being made without CBA or mkt research with little regard for value of money. The saturated mkt means less money and higher costs/lower margins meaning SMTs need to be clever yet here still rely on gut and justify it with previous success. Their dominant position doesn't allow for challenge and groupthink is prevalent.	Family been in GI for decades and with online, they followed the industry by speculative spend, little analysis and no reflection. If others were doing it then so should we. Except lot less resources so poor DM hit them harder. Reliance on gut and emotion. New SMT, new to OGI, saw OGI with fresh eyes and started making precision decisions and removing deadwood/unneeded resources.	The firm brought in experienced SMT and the company shifted significantly. Rapid growth and new products, markets. Revenue has doubled year on year yet I am unsure of profits as significant market spend in new markets. Its not clear how much analysis is going into these DM but in my time analysis was carried out. The concern is that how will this SMT manage the complexity they are creating for themselves and will they do what co B did and bring in the competent people to help or do nothing like co A and slowly deteriorate?	Hard to verify this in Co C. The SMT know how to grow their market and are proving it. Whether its too short-term focused is yet to be seen. But they are not afraid to spend money and so far the results are evident. How long this will last is the question More on heuristics/gut v analysis.
The perception of OGI by SMT influences thinking around DM.	Believe another wave of M&A was needed in the industry. They refused to see merger as a failure but regulation as the killer. Disregard for CG (no meetings, disbanded ethics committees, groupthink). Publically operated in reg mkts but behind the scenes were placed in grey/black mts. Had old attitude of needing to to play games and be ahead of regulator. Don't offer anything in terms of cleaning up image of OGI.	Even as a family operated business with strong values, they were lured into the potential riches that grey mkts could offer. They spent heavily in line with competitors, yet simply didn't have the resources to keep the pace. They had to change and this outcome of their wreckless spend may have been the trigger to get professional SMT in. It is questionable whether the familys attitude has changed but the new SMT certainly aren't disillusioned or carried away by the potential of the OGI.	The owners always wanted to make money from this venture. They saw high volume, low value transactions for a fun, friendly product as the key to success. Whether they valued/respected the customer is debatable but they knew their customer base and built on it. The new SMT decided to flood their customers with harder games to encourage bigger spend more often. They saw this and blanket spend on marketing as the way to boost revenues. No thought was given to type of customer and the vulnerability of soft-gamblers to hard-gambling and the impact it could have. They wanted quick wins and easy money. The fact that their approach upset employees was disregarded and the move into dubious markets echoed this sentiment. They changed the fabric of the firm and the reputation also.	Long tenure influences DM as they align with competitors and move away from risk-taking as much as possible. Avoided being challenged and ego blurred their vision.
Long-term exposure to the industry affects the ethical considerations in SMT assumptions.	Disregard for regulation as much as possible and the			Perception of the OGI by SMT has an influence on DM as they show little respect for regulation, mostly short-term thinking, intimidate in the workplace and become self-serving, heavily driven by having long-tenure in a dominant position.

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